

PEOPLE
London Audience
Glass-Lessing Opera
 A cheering London audience gave the American opera singer Philip Glass and his wife, the composer, a rapturous reception at the European premiere of their opera "The American" on a 1982 novel by Philip Glass. The opera is scheduled for a run at the London Coliseum.

A collection of photographs by Lewis Carroll (1826-1871), Phillips auctioneer, and a portrait of the photographer who was a classic children's story. "Adventures in Wonderland" through the Looking Glass. Most of the 61 prints are of a family of the ages of 3 and 16. The 1945 gold medal awarded to the British bacteriologist Alexander Fleming for his discovery of penicillin, has been sold from a London sale in the name of ownership. Sotheby's. The 1945 gold medal awarded to Fleming in 1955, due to be sold at Sotheby's on Thursday. Townsend, who was married to Princess Margaret in 1950, were sold in London. Canadian collector for Sotheby's said.

President Ronald Reagan signed a bill to grant a degree via to the British actor Michael Wildgen, who might face deportation because of conviction 14 years ago. The bill was sponsored by John Warner, who was the actor's mother, and both Taylor.

The Swedish film director Bergman will receive an honorary degree from the University of Rome Dec. 7 during a film festival.

The rock pianist and singer Lee Lewis, who has had heart and financial problems, has listed more than \$1 million in medical, personal and legal bankruptcy claims in Memphis.

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Speaker Quits Over Kristallnacht Speech

By Serge Schmemmann
 New York Times Service
BONN — The speaker of the West German parliament resigned Friday, saying he was "shocked and depressed" by the political storm he precipitated with a speech Thursday in which he tried to show how Germans had been taken in 50 years ago by Hitler.

"My speech was not understood in the way I meant it by many of those who heard it," wrote Philipp Jenninger, a senior member of the ruling Christian Democratic Party, who had been speaker of the Bundestag for the past four years, in his message of resignation. "I regret this deeply and I am very sorry if I wounded anyone's feelings."

After late-night deliberations, both government and opposition parties apparently agreed that Mr. Jenninger had to step down. Although he was not accused of charging the pro-Nazi feelings he had tried to describe, the consensus among politicians, newspapers and many Germans on Friday was that Mr. Jenninger had seriously erred in the style and timing of his presentation.

"He had no sense of occasion, he said true things at the wrong moment," said Sebastian Haffner, a prominent publicist who has written extensively about German history and identity.

The 10th of November is not the right moment to think of fascism with Hitler, which certainly existed," Mr. Haffner said. "If a man has been murdered, one doesn't speak at his funeral about the interesting personality of the murderer."

Mr. Jenninger's address was the keynote speech of a special session of the Bundestag on the 50th anniversary of Kristallnacht, the nationwide Nazi pogrom that is commemorated as the opening phase of the Holocaust. In numerous events around West Germany, most speakers had limited themselves to expressions of remorse and shame, as Mr. Jenninger had been expected to do.

But Mr. Jenninger's idea, as he said in his resignation, was to



Philipp Jenninger, left, leaving the Bundestag after his resignation accompanied by Theo Waigel, head of the Christian Social Union, the Bavarian wing of Mr. Jenninger's Christian Democrats.

Israelis Seal Off Districts

Violence Feared As Palestinians Prepare to Meet
 By Glenn Frankel
 Washington Post Service
JERUSALEM — The army ordered Friday that the 650,000 Palestinian residents of the occupied Gaza Strip be confined to their homes, and it sealed off the West Bank and deployed hundreds of soldiers in Arab East Jerusalem to forestall protests and violence coinciding with the expected proclamation of a Palestinian state.

Journalists without army escorts were banned from Gaza and the West Bank and soldiers at checkpoints prevented West Bank residents from entering Jerusalem and Arabs of Jerusalem from entering the occupied areas in some of the most sweeping security restrictions imposed during the 11-month Palestinian uprising.

Dozens of Palestinians were rounded up from their homes during the night and hundreds of additional troops appeared on the streets of major cities and towns in the West Bank and Gaza.

West Bank residents were forbidden to drive outside of their local areas and most telephone lines were cut off. The measures are in effect "until further notice," an army spokesman said.

The army says the steps are designed to pre-empt any outbreak of violence to mark the expected declaration of Palestinian independence on Tuesday. The announcement is expected at the close of a special meeting of the Palestine National Council in Algiers that begins Saturday.

Israeli security officials fear that the council's proclamation may incite the uprising, which has been continuing at a low but steady level for weeks.

Local Palestinians see the declaration as a way of transforming their struggle into a diplomatic initiative to gain world recognition.

A 3-year-old Gaza boy was shot and killed by a soldier Wednesday, and residents of the West Bank City of Nabulus have complained that soldiers have been raiding houses nightly, beating up occupants and smashing furniture and windows.

A spokesman said the army would check the allegations, and the Israeli radio reported Friday night that soldiers had been issued new orders to prevent "unnecessary clashes and unwarranted behavior."

Cold weather and a hard, driving rain kept most Palestinians off the streets Friday. An army spokesman reported only minor incidents of stone throwing in the West Bank. In Gaza, troops shot and wounded three protesters with plastic bullets, according to Arab hospital officials.



PLO UNDER GUARD — A gendarme guarding the roof of a conference center in Algiers, where the Palestine Liberation Organization is to open a four-day meeting on Saturday at which it is reported to be ready to declare an independent nation. Page 2.

Dollar On Steep Decline

Bank Purchases Fail to Stem Fall After Election
 Compiled by Our Staff From Dispatches
NEW YORK — The dollar spiraled downward on Friday, finishing at a 10-month low against the yen and five-month lows against the Deutsche mark and the pound, after central banks intervened in what dealers labeled half-hearted attempts to support the currency.

The drop in the dollar extended a sharp plunge that began after the U.S. presidential election Tuesday. Traders said the slide was prompted by uncertainty over the monetary stance of the next U.S. administration under George Bush, the president-elect, as well as doubts whether the Group of Seven industrial nations still agree on exchange-rate policies.

In thin trading due to the Veterans Day holiday, the U.S. currency slid to 122.85 yen from 124.05 yen Thursday, and to 1.7375 DM from 1.7538. The dollar has fallen 2.3 percent against the yen and 2.9 percent against the mark since the close of New York trading Tuesday, before the U.S. election results were known.

The British pound gained against the dollar, rising to \$1.8105 from \$1.7970 on Thursday.

The sliding dollar also pushed down stock prices. (Page 8)

The fall in stocks "reflects a drop in U.S. bond prices overseas and the dollar, which is falling almost uncontrollably," said Michael Metz, a market strategist at Oppenheimer & Co. The New York bond market was closed for a holiday, which also limited dollar trading in the United States.

Central banks in Japan, West Germany and Britain bought dollars on Friday, but foreign exchange dealers said the intervention came too late.

"It was not enough," said Gary Tarantino, a trader at Manufacturers Hanover Trust Co. "The whole market is waiting to test the resolve of the central banks, and given that, unless there is strong intervention or policy statements by the new Bush cabinet, the dollar will continue to slide," he added.

Caroline Rotondo, a dealer at Security Pacific National Bank of New York, noted concerns about monetary coordination among the leading industrialized countries.

"People know that G-7 is in conflict and don't place much credence in them," she said.

The U.S. Federal Reserve, which was closed for Veterans Day, was not detected intervening through any other central banks, dealers said.

But U.S. officials took the offensive with remarks aimed at stemming the dollar's slide. Commerce Secretary C. William Verity Jr. said in Washington that the dollar's current value was fair.

In London, a U.S. Treasury undersecretary, George Gould, said the administration had no interest in seeing a weaker dollar.

The remarks appeared aimed at undoing the damage to the dollar caused on Wednesday when Martin S. Feldstein, an adviser to Mr. Bush, said the currency needed to fall at least 20 percent in the next three years if the United States was to balance its trade account.

Traders said that one of two things is needed soon if the Bush administration aims to stabilize the dollar: either a statement of that intention, or significant interven-

Human Rights Accord Nears Adoption

By Don Oberdorfer
 Washington Post Service
WASHINGTON — The United States, the Soviet Union and 33 other nations, meeting in Vienna late Friday, agreed to the most extensive set of commitments on human rights ever accepted by the international community.

The agreement includes detailed assurances of religious freedoms and specific deadlines for governmental decisions on applications to travel abroad.

State Department officials said that nearly all the elements of the final declaration to be adopted by the Conference on Security and Cooperation in Europe had been worked out between East and West.

They said that less than a half-dozen issues of substance remained before the Vienna talks could reach a successful conclusion after two years of negotiations.

The completion of the talks, which involve an updating and expansion of the 1975 Helsinki Final Act, would permit East-West negotiations to begin on the reduction of conventional military forces in Europe. U.S. officials expressed hope that the Vienna talks could be completed by early next month and that the arms talks could begin a month or two thereafter.

Yuri B. Kashlev, the chief Soviet delegate to the Vienna talks, indicated at a news conference there Friday that the Soviet Union might refuse final approval of the Vienna declaration if the West does not agree to a human rights conference in Moscow that the Soviets have proposed for 1991.

U.S. officials have said they intend to hold the Soviets to an even higher standard on human rights before agreeing to a Moscow conference. The proposed conference is a contentious issue in the West, with West Germany, France and most neutral countries favoring it and the United States and Britain cool to the idea.

Still in contention after intense diplomatic jockeying in Vienna are commitments on the protection of human rights monitors of the current accord and earlier similar accords, on the jamming of foreign radio broadcasts and on emigration limits placed upon people who have had access to secret information.

While Washington, Moscow and other capitals debate those remaining issues, the texts of the extensive provisions that have been accepted, as obtained by The Washington Post, indicate that Soviet and Eastern European peoples will gain more specific pledges of an ex-

U.S. Shells Just Miss Japan Patrol Boat

By David E. Sanger
 New York Times Service
TOKYO — In the latest in a series of tense incidents between Japan and U.S. military forces based here, a U.S. Navy destroyer fired shells that narrowly missed a Japanese patrol boat, government officials said Friday.

Japan filed a strong protest, asserting that the ship's crew had been reckless and had violated international law by firing the shells, which apparently did not contain live explosives, inside Japanese territorial waters. No one was hurt in the incident, which occurred Wednesday.

The commander of the Pacific fleet, Admiral Huntington Hardesty, and the U.S. ambassador, Mike Mansfield, visited Prime Minister Noboru Takeshita on Friday to apologize.

Japanese officials made efforts to play down the incident, which came within weeks of two other accidents that heightened tensions with U.S. troops based in Japan. One involved the crash of a military aircraft that killed four marines; in another, residents of Okinawa said that their houses had been sprayed with stray bullets from an American firing range.

The Japanese are highly sensitive to any public reminders of the extent of military forces based in their country. The U.S. Navy is frequently the subject of protests because of widespread suspicions that its ships regularly bring nuclear weapons into Japan, something that the Japanese government forbids. That, combined with pressure from the United States that Tokyo pay a bigger share of military expenses in the Pacific, means that such incidents take on political significance.

U.S. officials have not explained why the 3,300-ton guided-missile

Genius Roots of a Costly Computer Misadventure

By Michael Wines
 New York Times Service
WASHINGTON — No drama is complete without a moment of foreshadowing, something Robert T. Morris Jr., a one-time student of ancient Greek, knows all too well.

In the drama that has enveloped him and his son Robert Jr., a Cornell University graduate student who last week caused the biggest computer glitch on record, the moment came five years ago in a committee room of Congress.

The elder Mr. Morris, an expert on computer security who at the time worked for Bell Laboratories, was a witness before a House committee studying a new and ominous phenomenon called the computer virus. His testimony was blunt.

"The notion that we are raising a generation of children so technically sophisticated that they can out-

wit the best efforts of the security specialists of America's largest corporations and of the military," he said, "is utter nonsense."

"I wish it were true. That would be good for the technological future of the country."

Now an isolated realization of the very fears that Mr. Morris addressed has hit home in a very personal way, posing a threat to the future of his extraordinarily brilliant son.

The younger Mr. Morris — RTM, the name of his computer log-on, to some friends — has declined on the advice of his lawyer to discuss the virus incident or other matters.

But in telephone interviews this week, his father and his mother, Anne, talked at length about him and the passion for computers that has caught the family up in a national sensation.

Robert T. Morris Jr., 23, is the subject of an inquiry by the FBI and federal prosecutors in two states.

He has been identified by friends as the creator of an electronic virus, developed for a non-malicious experiment, that ran out of control and swamped 6,000 terminals last week along a nationwide Pentagon computer network called Arpanet.

His father, now chief scientist at the government's National Computer Security Center, is the man responsible for shielding Arpanet and other, more sensitive computer networks from such electronic intruders.

He is also the man who introduced his gifted son to computers, and so he is torn by the furor surrounding the Arpanet incident.

On one hand, he condemns the creators of viruses and other computer pranks as irresponsible, comparing them in his 1983 testimony to teen-agers who are "stealing a car for the purpose of joyriding."

Mr. Morris said he believed the Arpanet incident "raises mostly a common sense question" about the responsible use of computers. He would not discuss his son's role in the affair, but he is aware that it may damage his own future.

Mr. Morris is a senior official of the National Security Agency, a government intelligence bureau whose very existence was a secret for decades, and rightly mention of his son on television news programs, he said, "is not a career plus."

On the other hand, he has heard what other experts say of the Arpanet virus: that it was a programming triumph "fit for publication in a journal," that it caused no

Moscow Signs Chemical Deal

MOSCOW (AP) — The Soviet Union signed a deal with a consortium of U.S. and Japanese companies Friday to build a 5 billion ruble (\$8.3 billion) petrochemical complex in Siberia, the Tass news agency said.

[Kyodo news service of Japan identified companies involved as Mitsubishi Corp., Mitsui & Co., and Chiyoda Corp. of Japan and Combustion Engineering Inc. of the United States. United Press International reported from Tokyo. The project is believed to be the largest with foreign concerns in the Soviet Union.]

Shaking Off the Shadow of Rome

By Clyde Haberman
 New York Times Service
MILAN — It did not sit well when word arrived the other week that Milan was the world's most polluted city.

Nobody was prepared to argue that the sulphurous Milanese air is Alpine fresh. Far from it.

But people could not accept, not even from the World Health Organization, that this is as bad as it gets, with levels of sulphur dioxide supposedly four times worse than in New Delhi and twice as bad as in Beijing, where they spend the winter wearing surgical masks.

Then came new press reports: the statistics were old, going back as far as 1980, and were no longer relevant. While Milanese breathed easier in the chill of a hunched-shoulder autumn, one could still hear harumphs of irritation about the perceived affront. Things calmed down soon enough, though.

"Milan is not a city of scandals," Mayor Paolo Pillitteri said. "It doesn't get outraged."

In fact, Milan for the most part feels rather chipper about itself these days. Things are going so

Shaking Off the Shadow of Rome

well that in some circles there is even talk that before long this bastion of Italian commerce may be able to put greater distance between itself and its much-dranked, much-dreaded rival to the south, Rome.

The reason is 1992. By the end of that year, the European Community, centered in Brussels, is scheduled to reorganize itself into a unified economic entity, free of tariffs and other self-protecting national barriers.

Efficient, pragmatic, prosperous Milan sees itself as Italy's economic point man, the only Italian city with enough business savvy, drive and size to compete toe to toe with the rest of Europe.

Some say — although others dismiss it as unrealistic — that Milan may then be able to shake off Rome as someone might a long-endured irritating relative.

"This is a city that produces, but it is not in position of command," said Alberto Falck, head of Falck Steel and a pillar of Milanese industry. "We're obliged now to look to Rome because that's



The Federal Reserve Board, headed by Alan Greenspan, is on a collision course with the future Bush administration. Page 13.

General News
 To ease the transition, President Reagan asked all his top appointees to resign. Page 3.

Business/Finance
 Britain delayed its planned sale of the Post Office savings bank. Page 9.

Dow Close
 Down 47.66

The Dollar
 DM 1.7375
 Pound 1.8105
 Yen 122.85
 FF 5.9275

IN ROYAL REVIEW — On the final day of their five-day visit to France, the Prince and Princess of Wales joined President François Mitterrand on the reviewing stand Friday at the Armistice Day parade down the Avenue des Champs-Élysées in Paris.



Israelis Press Their Politicians to Exclude Religious Parties

By Joel Brinkley
New York Times Service

JERUSALEM — A growing number of Israelis are calling for another "national unity" government of the Likud bloc and Labor Party that would exclude the religious parties.

With petition drives, letter-writing campaigns, newspaper advertisements, and telegrams, thousands of Israelis are asking President Chaim Herzog to "stop the disaster of the establishment of a government with the religious," as an elderly woman from Haifa put it in a letter to the president this week.

"We, voters of the right, left, and center in the '88 elections, demand the leadership of our parties to immediately halt the negotiations with the religious parties to establish a narrow government," an advertisement in the daily Yedioth Aharonoth said on Tuesday. It was signed by 50 academics from universities across the country.

And a Tel Aviv woman standing in a city park on Wednesday gathered 721 signatures in three hours for a petition asking the president to "convene an emergency government of Labor and Likud" to prevent the formation of a government with the religious parties "that was not what the voters wanted."

Before the elections on Nov. 1, many Israelis expressed concern that the elec-

tions would end in a stalemate, as they did in 1984, leaving no option but to form another Labor-Likud coalition like the one that has tried to govern for the last four years.

The election did end in a stalemate. Labor and parties of the left won 49 seats in the 120-member Knesset, or parliament, while Likud and parties of the right won 47, in both cases short of the 61-seat majority needed to form a cabinet.

The four religious parties won 18 seats, holding the balance of power.

Now, both Labor and Likud "are offering everything, selling their grandmother,"

to persuade the religious parties to join their coalition, a senior government official said.

As an example, Moshe Peretz, spokesman for the Shas party and the brother of the party leader, Rabbi Yitzhak Peretz, said the Labor Party had offered Shas four cabinet positions, and "they said Rabbi Peretz could be deputy prime minister."

Israelis who are not yet religiously observant, the vast majority of the population, are growing more and more outraged as the press reports the new promises that are being made to the religious parties every day.

All week long, the three rigorously Orthodox parties — Shas, Agudat Israel, and Torah Flag — have been saying they are wavering between Labor and Likud, and as a result, both parties are promising them more and more.

A fourth grouping, the National Religious Party, has already declared its preference for Likud.

Mr. Herzog set Saturday night as the deadline for the parties to make up their minds if they would support Labor or Likud.

A full-page advertisement Thursday in the newspaper Maariv by the Public Committee for a Constitution in Israel said: "The national unity government was bad. The proposed alternative is a disaster."

But Rabbi Peretz says that the people who are complaining "don't have any right to settle in Israel if they are willing to throw away the religious heritage passed on from our ancestors."

"Israel was given to the Jewish people for one overwhelming reason," he added. "That is, to live life as described in the Torah."

A common theme among the public complaints is that 20,000 children of the religious who are enrolled in yeshivas, or religious schools, are exempted from mili-

tary service while every other young person in the nation must serve.

And yet these "non-Zionist" parties, which barely recognize the government of Israel as a legitimate body, "will be able to determine with a sweep of their hand the fate of hundreds of thousands of Israelis, without their carrying the burden of responsibility for their decisions," read a petition drafted by a group of nonpartisan Jerusalem youths.

The president's office calculates that 64 percent of the letters it has received are calling for a new national unity government to exclude the religious parties.

Another 10 percent complain about inclusion of the religious or "non-Zionist" parties without offering a solution.

And another 17 percent advocate reforming the electoral system to prevent situations like this from occurring.

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Shamir Pledges to Redefine Who Is a Jew

New York Times Service

JERUSALEM — Prime Minister Yitzhak Shamir has promised the leaders of Israel's four religious parties that he will ensure passage of an amendment changing the definition of who is a Jew.

The religious parties had demanded a change in the law as a condition for joining Mr. Shamir's Likud bloc in a new coalition government. American Jews oppose the proposal because it would change the definition of who is Jewish under Israel's Law of Return to exclude

people converted to Judaism through Reform and Conservative congregations. More than 90 percent of America's 5.8 million Jews are believed to be Reform or Conservative.

"The prime minister told the parties he thinks we have a majority in the Knesset to pass the amendment, and within three months of forming the new government they would be able to have it," Yosi Achimier, the prime minister's cabinet secretary, said Friday. "He said to all of them he promised it would pass."

On Thursday night for the council meeting cautioned that if a hard-line government led by the Likud bloc emerges from the recent election in Israel, the scope of conciliatory gestures possible at this meeting would be limited, and the position of militant Palestinian factions opposed to any peaceful signal toward Israel would be strengthened.

Instead, there seems to be a determination that the council session will reflect maximum Palestinian unity and avoid divisive debates.

Palestinian leaders from various PLO factions, along with some 500 members of the Palestine National Council, seem eager to steer away from any potentially explosive issues.

Those questions include a definition of boundaries for the proposed Palestinian nation, explicit recognition of Israel and an immediate decision to form a provisional government.

In an interview with the official Algerian press service, Mr. Arif's second-in-command, Saleh Khalaf, known as Abu Lysad, said Thursday night that the accent at the council meeting would be on unity.

He suggested that the only common denominator that assembles all Palestinians now was the impending declaration of independence.

Palestinian officials said the formation of a provisional government — another proposition that is to be discussed — is likely to be left to the discretion of the PLO leadership, as

PLO on Verge of Declaring Independent State

By Youssef M. Ibrahim
New York Times Service

ALGIERS — On the eve of an important Palestinian meeting, various factions appeared ready to declare an independent Palestinian nation, several Palestinian leaders said.

Such a declaration is expected to be considered at a four-day meeting of the Palestine National Council, the policy-making body of the Palestine Liberation Organization, that is to open in Algiers on Saturday.

The Palestinians will live a turning point of their history in Algeria, where for the first time the flag of the independent Palestinian state will be hoisted, said Bassam Abu Shaif, a senior adviser to the PLO chairman, Yasser Arafat.

A declaration of independence would have no immediate effect on the areas that continue to be occupied by Israel.

The move seems to be intended mostly to lift the morale of Palestinians engaged in an uprising against Israeli occupation in the West Bank and the Gaza Strip, many Palestinians said.

Palestinian officials say the declaration will be coupled with a "political program" that will appeal for an international conference to settle the Israeli-Palestinian problem and hint at the Palestinians' willingness to accept a "two-state solution" whereby they would live in peace next to Israel.

But Palestinian officials arriving in Algiers

Kabul Fires Missiles at Guerrillas

ISLAMABAD, Pakistan (WP) — At least 15 more Soviet Scud missiles were fired at anti-government guerrillas this week in a continuation of the stepped-up military activities in the Afghan conflict, according to Western diplomats in Islamabad.

According to reports from the Afghan capital, Kabul, at least six of the missiles were seen heading toward the provinces on Monday, six on Tuesday and three on Wednesday. Most of the missiles reportedly landed in Nangarhar Province, close to the Pakistan border.

There were unconfirmed reports that some of the missiles struck Panjshir Valley, north of Kabul, and in the western section of Kabul Province. The guerrillas reportedly have been carrying out new offensives in Panjshir Valley aimed at transportation routes between Kabul and the Soviet border.

WORLD BRIEFS

Warsaw Police Clash With Protesters

WARSAW (AP) — Riot policemen charged at protesters Friday night after a rally in Warsaw to mark the 70th anniversary of the rebirth of the Polish state, and clashes were reported in three other cities.

The police drove into a crowd, fired tear-gas canisters and then charged 500 to 1,000 young people near the Tomb of the Unknown Soldier after some protesters threw sticks at officers. The crowd scattered into a nearby park, and at least 10 persons were taken to a hospital.

Earlier, about 20,000 Poles chanting "Solidarity" and "Independence" peacefully demonstrated in the streets of Warsaw after a Mass marking the anniversary of the Nov. 11, 1918, rebirth of the Polish state. Clashes with the police were also reported in Poznan, Gdansk and Krakow.

Police Raid Prague Rights Meeting

PRAGUE (Reuters) — Czechoslovak policemen raided a symposium attended by prominent Western academics, writers and human rights activists and seized its chairman, the playwright Vaclav Havel, on Friday.

Mr. Havel, a founding member of the Charter 77 movement, which monitors compliance with the 1975 Helsinki Accords on human rights, evaded the police before the Czechoslovakia 88 meeting and had just declared it open when he was seized. Karel Srp, a leader of the banned Jazz Section cultural organization, slipped from the hotel room where they were meeting along with another Charter 77 activist, Martin Palous, when the police arrived.

Nationalists Rout Labor in Scotland

GLASGOW (Reuters) — The opposition Labor Party suffered a stringing defeat by Scottish nationalists Thursday in a parliamentary by-election in Glasgow.

Political analysts said the result was the biggest setback in years for Labor, which is struggling to rebuild itself after three consecutive general election losses to the Conservatives of Prime Minister Margaret Thatcher.

The Scottish National Party candidate, Jim Sillars, took one of Labor's safest seats with 14,700 votes in Glasgow's Govan constituency. Robert Gillespie of Labor received 11,100 votes. The Conservatives, who hold only 10 of Scotland's 72 seats, had 2,207 votes.

No Firm Progress in Iran-Iraq Talks

GENEVA (AP) — Peace talks between Iran and Iraq recessed Friday after seven sessions produced no tangible progress toward consolidating the cease-fire reached 12 weeks ago in the Gulf War.

Both sides agreed to resume the negotiations "in the near future," possibly next month or in January, Jan Eliasson, the United Nations mediator, announced after the final 50-minute meeting.

The Iranian foreign minister, Ali Akbar Velayati, said that the meetings featured a "better climate" and that he hoped the next round would achieve "practical progress." His counterpart, Tariq Aziz, said Iraq would "do its best to make the next round fruitful."

Reagan Signs Tax Refinement Bill

WASHINGTON (AP) — President Ronald Reagan signed legislation Friday making several refinements in the landmark tax overhaul of 1986 and providing a "bill of rights" for U.S. taxpayers.

Although White House officials had said they had trouble with the legislation, particularly in connection with a \$50 million federal seizure of property next to Civil War battlefields in Virginia, the announcement of Mr. Reagan's approval carried no statement of presidential misgivings.

The "Tax Correctives Act" was originally designed to clear up confusing language and correct errors in the tax overhaul enacted in 1986. But the new legislation was repeatedly amended to extend some expiring benefits, add some new ones for selected groups and raise taxes to finance the benefits. The measure will have no effect on the federal deficit.

Moscow Promises More To Defiant Republics

By Bill Keller
New York Times Service

MOSCOW — Facing unexpectedly strong resistance to their plan for redesigning the Soviet government, Communist Party leaders have promised additional measures to widen the economic and political independence of local governments.

The Politburo said Thursday that the constitutional changes and new electoral laws, scheduled for final approval on Nov. 29, were only "the first stage of the reform," and that additional laws were being drafted to give the 15 Soviet republics greater autonomy.

The statement, reported by the news agency Tass, was clearly intended to head off growing opposition in the three Baltic republics, Estonia, Latvia, and Lithuania, where official and unofficial political figures have complained that the proposed changes give Moscow unacceptable veto powers over the republic and local authorities.

Residents of the Baltic republics have said they will not set aside their complaints in exchange for promises of future reforms.

[Politburo members flew Friday to the Baltic republics, where one issued "a grim warning" against pressing autonomy demands too far, local journalists told The Associated Press. The dispatching of three top officials to the region appeared to indicate that the Kremlin leadership wanted to draw the line now on what sort of political changes could be contemplated.]

The constitutional debate presents an awkward problem for President Mikhail S. Gorbachev. The constitutional changes he has presented as an important step

toward greater democracy are being criticized as undemocratic by Mr. Gorbachev's most enthusiastic supporters.

Critics in the Baltic republics say they have already gathered tens of thousands of signatures on petitions opposing the proposed constitutional revisions.

The provisions, published last month, would empower the Supreme Soviet, the national legislature, to set all economic and social policies for the country, to overrule the actions of local governments and to impose special forms of administration in areas of conflict.

The Baltic critics, including party officials, say the provisions might stifle campaigns in the Baltic region to develop independent economies, using Western-style markets and direct commercial ties with Western countries.

Leaders of popular fronts in Estonia and Latvia and a similar Lithuanian group known as Sąjūdis met Tuesday to coordinate their strategies for opposing the plan.

Arunas Zedriunas, a film maker and a leader of the Lithuanian movement, said in a telephone interview Thursday that the group was demanding that the constitutional changes be pulled off the agenda of the Nov. 29 Supreme Soviet meeting until new members had been elected to that body.

The constitutional proposals would create a new Congress of People's Deputies consisting of 1,500 members elected in competitive elections at the local level and 750 chosen by officially approved "public" organizations like trade unions and the Communist Youth League.

The congress would in turn select a more powerful national legislature, and a president to lead it.

The proposals have come under fire from Soviet intellectuals, including Andrei D. Sakharov, the physicist and human rights advocate, on grounds that they would concentrate too much power in the post of president, who would also be the Communist Party leader.

Another complaint is that the proposals would severely restrict the role of independent groups, like popular fronts, in nominating candidates for public office.

Mr. Gorbachev is eager to put the plan into effect and hold elections next year under the new rules.

He contends that quick action is necessary to break the hold of old party and government bureaucracies that he contends have hampered economic revival.

RIGHTS: Major East-West Accord Nears Completion

(Continued from page 1)

Among other things, the draft copy of the Vienna declaration commits the 35 nations to:

- Respect the right of religious communities to establish and maintain freely accessible places of worship; to give and receive religious education in the language of their choice; and to produce, import and disseminate religious publications and materials.
- Ensure that no one is subjected to arbitrary arrest, detention or exile, that torture and other inhuman and degrading punishment are prohibited, and that individuals are protected from any psychiatric or other medical practices that violate human rights.
- Make a decision within three working days on foreign travel or staying family members or to attend a family funeral; to review within six months and at regular intervals thereafter the rejection of any application for travel abroad, and to take steps to resolve pending emigration cases within six months of the Vienna closing statement.

Published and made easily accessible within a year all laws and regulations bearing on domestic and foreign travel; and to promptly notify in writing those people whose application for foreign travel or emigration has been denied, stating the reasons for the denial.

• Permit representatives of national minorities or religious groups to travel abroad to meet their counterparts in other countries.

Despite the strides in Vienna, the Reagan administration has come under pressure from members of Congress and U.S. human rights organizations not to conclude the talks before the Soviet Union, among other things, releases all political prisoners and permits further emigration of Soviet Jews.

7 Rights Activists Get Soviet Visas For Travel to U.S.

New York Times Service

MOSCOW — Seven Soviet citizens long active in various campaigns for human rights, including three jailed for their activities, have been given official permission to travel to the United States.

The move fulfills a government promise to Andrei D. Sakharov, the physicist and human-rights campaigner, shortly before he began a visit to the United States last week.

The seven are scheduled to attend the opening meeting of a new Soviet-American commission on civil and political rights in Washington on Sunday.

The group includes Boris Chernobylsky, who was recently given official notice that his long-denied visa for emigration would soon be granted, and Sergei A. Kovalev, a speaker at President Ronald Reagan's meeting with Soviet dissidents during the Moscow summit meeting last spring.

The other five are Nina Belyeva, Vladimir Golitsyn, Bella Gulko, Alexander Levit and Boris Zolotikhin.

Party Widens Segregation In 90 South African Towns

JOHANNESBURG — The extreme-right Conservative Party in South Africa said Friday that it was restoring hard-line apartheid policies in 90 communities under its control. It said it would bar blacks from parks, swimming pools and municipal offices.

The party general secretary, Andries Beyers, said, "Wherever we can, the party is segregating public amenities that have been reserved by the Nats," or the ruling National Party.

The Conservatives won control of the 90 governing councils in local elections last month. Most of these councils are in rural and mining areas of the Transvaal.

Local newspapers reported that the government, which has sought to abolish so-called petty apartheid during the past decade, was under pressure from some supporters and moderate politicians to stop the Conservatives. There has been debate over how far the law allows the Conservatives to reimpose strict apartheid.

The Conservative Party's plans have been denounced by the U.S. State Department. On Thursday, it urged the South African government to "oppose these misguided efforts to turn back the clock."

TRAVEL UPDATE

A power failure at London's Heathrow Airport delayed flights for up to two hours Friday, the Civil Aviation Authority said. The electricity breakdown cut off the air traffic control switching system, which distributes flight plans, the authority said. Delays were reported at Manchester Airport in northern England and Prestwick Airport in Scotland. (AP)

A strike by Northwest Airlines pilots was averted when the National Mediation Board intervened Friday in stalled discussions on a contract. A Northwest spokesman said the threat of the strike, which was to start on midnight Friday, did not appear to affect ticketing for flights over the weekend. (AP)

Foreigners in New Delhi have been ordered by the Indian government to carry identification, passports or other travel documents at all times during the three-day visit by the Soviet president, Mikhail S. Gorbachev, beginning Friday, and until Nov. 21, the day after he leaves the city. Identification documents must be produced immediately when asked for by police or security officials. (Reuters)

Soviet authorities have concluded agreements with Britain, Denmark and other nations regarding their nationals to prove they are not carrying the AIDS virus to gain entry to the Soviet Union, a Foreign report said Friday. The Communist Party deputy minister, Alexander I. Kostromin, deputy Soviet minister of health, did not say if the agreement was already being enforced, or when it would go into effect. (AP)

CHURCH SERVICES

CENTER OF COPENHAGEN
FIRST BAPTIST CHURCH, English speaking, 53, 1060, worship 11:30. Children's church and nursery, Meet at the International School, Leidenburgpark Kierweg 2, D-Kaiserwerth, Friendly Fellowship. All denominations welcome. Dr. W.J. Daley, Pastor. Tel.: 0211/400 157.

GENEVA
INTERNATIONAL CHRISTIAN FELLOWSHIP OF GENEVA, English speaking Sunday service 12:00 noon at Chapelle des Bains, 3 rue Jeanne, Geneva, P.O. Box 2447, CH-1211 Geneva 2, (022) 32 06 67.

CHURCH OF THE LIVING SAVIOUR, Geneva's International Pentecostal church, 20 Ave. Ernest-Picard, Enjoy a warm atmosphere of joy, spiritual worship in English, 10:30 a.m. and 7 p.m. Tel.: 447070 or 988580.

HAMBURG
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at Ev. Frobeniusstr. Gemeinde Christiansburg, Sother Str. 18, Hamburg-Altona. Bible Study 1 p.m. - 4:30 p.m. Tel.: (0) 4101-307933.

HOLLAND
TERTIARY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm atmosphere. Meets at Room 302, Schiedamschenweg 54 in Woensdrecht. Tel.: 01751-7802A.

LOUVAIN
Welcome to English speaking INTERNATIONAL CHURCH OF EVANGELICALS in Louvain (CEJ), Worship Service Every Sunday 10:30 a.m., 4:00, Noon Service, Louvain, Belgium. Tel.: (0) 4101-307933.

MURICH
INTERNATIONAL BAPTIST CHURCH, English speaking S.S. 11:45, worship 12:45, nursery, child, ch. provided, Holydays 9, Evening service 7:00, Call Rev. Paul, Box 089-090-8334.

INTERNATIONAL COMMUNITY CHURCH, services in English 4:30 p.m. Sundays of Fellowship, 18 (12 Theatinerstr.), Pastor Ruarie Stevens (089) 830-8417.

PARIS
THE AMERICAN CATHEDRAL (Episcopal-Anglican), Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11:00, 23 rue George V, Paris 8, Tel. 47 20 17 72. Metro: George V or Alma-Morizot.

EMMANUEL BAPTIST CHURCH, 56 rue des Remparts, English, French, German, Spanish, evangelistic, all denominations, S.S. 9:45, Worship 10:45. Other activities, Call Dr. W.C. Thomas, Pastor. 47.49.15.291. 47.51.29.63.

INTERNATIONAL BAPTIST FELLOWSHIP meets at 123 Ave. de Metz, Metro Gobel, Worship Service in English every Sunday evening at 8:00, Tel. 47.13.29/47.51.29.63.

STOCCHOLM
EMMANUEL CHURCH, Evangelistic & Bible Study, Friendly Christian Fellowship, English, Swedish & Korean 11:00, Tel. (08) 157125, & 209025.

ZURICH
INTERNATIONAL PROTESTANT CHURCH, English speaking, Sundays 11:30 a.m., Scherzengasse 23, Tel. (0) 49 59 25.

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Cancer Doubled in Breast Devices

The Associated Press

NEW YORK — A long-term study of women with silicone breast implants shows no evidence to support newly expressed concerns about a cancer risk, plastic surgeons say.

An estimated two million American women have received silicone implants. The Public Citizen Health Research Group, a private health advocacy organization, called this week for a ban on all silicone implants, which they said may give a risk of cancer and other health problems.

The Food and Drug Administration has scheduled a review of the devices. But no significantly higher rates for any kind of cancer have emerged from a study of about 3,100 recipients in Los Angeles County, said Gary Brody, of the University of Southern California.

The study was published in the journal *Plastic and Reconstructive Surgery*.

The Food and Drug Administration has scheduled a review of the devices. But no significantly higher rates for any kind of cancer have emerged from a study of about 3,100 recipients in Los Angeles County, said Gary Brody, of the University of Southern California.

RESIGN: West German Parliament Speaker Quits After Furor Over Speech on Nazi Era

(Continued from Page 1)

said at the opening and conclusion of his statement, was to demonstrate how Germans had been "blinded and seduced" by the Nazis, to remind Germans of the complexity and enthusiasm of the population in the rise of Hitler.

As he read, however, about 50 members of the parliament — Social Democrats, Greens and Free Democrats — stalked out of the Bundestag chamber in fury, tossing off a storm that raged late into the night and calmed only when Mr. Jenninger resigned Friday morning.

The main reason for the walkout was evidently that in reading his text, Mr. Jenninger failed to make clear the distinction between his own sentiments and those of Germans whose enthusiasm for Hitler he was trying to show.

In a passage that particularly shocked listeners, Mr. Jenninger tried to dramatize the anti-Semitism on which Hitler drew by mentioning the name of a Jewish politician.

Friends of the 56-year-old speaker said he was troubled by the reaction. He had organized the session in parliament so that he would be the only speaker, and he evidently hoped and expected that his statement would be hailed as a

Help! It's the End of SOS

LONDON — Distress signals sent by ships in the familiar dots and dashes of Morse code are to become a thing of the past, the International Maritime Organization said Friday.

Beginning in 1993, Morse code will be replaced by the Global Maritime Distress and Safety System, which sends a distress signal at the touch of a button.

"Morse has great romantic connotations, with the gallant radio operator sending off distress calls as the ship sinks," a spokesman for the organization said. "However, we are now bringing in something which will be much better and which will save even more lives."

The system, which will be compulsory worldwide after 1995, sends a signal via satellite to display the ship's position, name and time of the incident on a coast guard computer terminal.

dictatorship and paid for it." Mr. Jenninger's aides could not immediately give details of what had happened to his family.

Mr. Jenninger said he was stepping down to safeguard the integrity of the office of speaker. "I must assume that many of my colleagues can no longer give me the necessary support of trust to carry on the duties of my office," he wrote.

Initial public reaction seemed overwhelmingly to agree that Mr. Jenninger was obliged to resign, although specific assessments of his speech differed.

In the conservative newspaper *Frankfurter Allgemeine*, the report on the ruckus in parliament was carried under the headline, "Well meant but inept."

One of the few voices of support for Mr. Jenninger within West Germany came from the vice president of the Central Council of Jews in Germany, Michael Firsich, who said he "could not understand the excitement of many members of the



Bush Is Said to Seek A New CIA Director To Replace Webster

WASHINGTON — President-elect George Bush, determined to "put his own stamp on things," is looking for a new face to replace William H. Webster as the director of central intelligence, a source on the Bush transition team said Friday.

Mr. Bush, who served as CIA director in 1976, is expected to take a keen interest in filling that job. His desire to look at other people does not necessarily mean he is dissatisfied with Mr. Webster's performance, the transition source said. But, he said, "the vice president wants to put his own stamp on things."

Associates of Mr. Webster have said privately that the CIA director is eager to stay in the post he took over in May 1987. Earlier in the Bush campaign, Mr. Webster was told he could keep his job, but since then all he has read in published reports are the names of possible successors, the associates said.

One possible candidate to replace him is James Lilley, the ambassador to South Korea, whom Mr. Bush has known since Mr. Lilley was the chief of the CIA station in Beijing while Mr. Bush was U.S. envoy there in the 1970s.

Former Senator John Tower of Texas still is the front-runner for secretary of defense, while Brent Scowcroft, the national security adviser to President Gerald R. Ford, could assume the same job in the Bush presidency, said the source, who demanded anonymity.

Speculation about high-ranking personnel in the new administration continued as Mr. Bush and his wife, Barbara, spent the first full day of a four-day vacation in Gulf Stream, Florida, at the home of William S. Ferriss 3d, a Houston millionaire. Mr. Bush said the transition effort was going "great."

So far, Mr. Bush has chosen one cabinet member — James A. Baker 3d, the former Treasury secretary, to be secretary of state.

Resignations Sought
Mr. Reagan has requested that all members of his cabinet and all top political appointees resign, in a move designed to allow Mr. Bush more flexibility to decide which officials to retain. The New York Times reported from Washington.

White House officials said Mr. Reagan's request Thursday was natural under the circumstances, which are somewhat rare. The last time an incumbent turned the presidency over to a newly elected member of his own party was in 1929, when Herbert Hoover succeeded Calvin Coolidge.

The Reagan order affects about 525 officials.
Two Bush associates said three potential competitors for White House chief of staff were: Robert M. Teeter, Mr. Bush's pollster; Craig L. Fuller, his current chief of staff; and Governor John H. Sununu of New Hampshire, whose help was critical in Mr. Bush's victory in that state's Republican primary.

Several other names have emerged for high positions. They include Paul H. O'Neill, chairman and chief executive officer of Aluminum Company of America (Alcoa), who served on Mr. Reagan's commission on productivity, and former Representative Jack Edwards of Alabama.



President-elect Bush, flanked by security men, taking a picture Friday in Gulf Stream, Florida.

Thousands of Workers Strike At Brazilian Oil Refineries

SAO PAULO — Tens of thousands of oil refinery workers went on strike Friday and threatened to bring Brazil's 10 refineries to a standstill, worsening the crisis of confidence faced by the government of President José Sarney.

The strike was the latest event in labor unrest caused by economic and political problems under Mr. Sarney. Three strikers were killed Wednesday in a confrontation between thousands of striking steelworkers and hundreds of policemen and soldiers.

The refinery strike followed many other stoppages this month that have left millions without electricity and public transportation, closed universities and disrupted government ministries.

Glauco Heemann, a spokesman for the state-owned oil monopoly Petrobras, said Friday that more than half the 60,000 oil refinery workers in Brazil had walked off their jobs.

According to the Foreign Ministry spokesman, Robert Nevitt, said that the meetings with Mr. Takeshita and Mr. Uno had been previously scheduled to introduce Admiral Hardisty, who took command of the Pacific forces Oct. 1. But the meetings were overshadowed by the incident, and much of the discussion focused on improving procedures to avoid incidents with U.S. forces.

The incident was not disclosed until more than 30 hours after it occurred. Several Japanese wire services and television stations, quoting unnamed officials in the Japanese Transportation Ministry, said that the Foreign Ministry had attempted to hush up the incident to avoid straining relations with the United States.

But a Foreign Ministry spokesman denied the reports. "It was our intention from the beginning to announce it," the spokesman said. "It took longer than we expected, however, to determine the details."

President Reagan as well as Vice President Bush, feel the same way I do," Mr. Mansfield added.

AMERICAN TOPICS

Filing for Chapter 11: 'Stepping off a Cliff'

Getting protection from creditors under Chapter 11 of the Federal Bankruptcy Code is "akin to stepping off a cliff," says W. Thomas Stephens, who is in a position to know. He is president and chief executive officer of Manville Corp., which in 1982 became the first company to file under Chapter 11 after a 1978 revision of the law.

Facing 12,000 claims seeking a total of \$33 billion in damages for asbestos victims, Manville, a Denver-based building materials and packing company, used Chapter 11 to reorganize. But "reorganize," The Washington Post reports, "may seem too benign a term for the corporate carnage that followed."

A bankruptcy court placed Manville under control of two independent trusts and a group of banks that have supplied working capital. The trusts, which pay personal injury and property damage claims, will receive \$2.5 billion from Manville

over the next 26 years. This effectively leaves the ordinary shareholders with about 2 percent ownership of the company.

This month, Manville will emerge from its bankrupt status. Mr. Stephens, a two-decade veteran of the company who became president shortly after the bankruptcy filing, says Manville is now "lean and mean," no longer or manufacturing asbestos, but fiberglass, packing and specialty products. The bankruptcy period, he says, "was like walking through mud."

Short Takes
A proposal to build a sculpture of a molar 18 feet (5.5 meters) high in Grand Rapids, Michigan, to honor the city that in 1945 became the first in the United States to fluoridate its drinking water, has hit a nerve with dentists there. "Fluoride is probably the single most significant health effort in dentistry," said Charles Caldwell, president of the West Michigan Dental Society, "and an extracted tooth represents just the opposite — feelings of pain or suffering or anxiety."

A rainy autumn helped ease dryness in the East, Midwest and West, but large areas still face long-term drought, including North Dakota, Idaho, Wyoming, most of Montana and parts of

South Dakota, Minnesota, Illinois, Ohio, Iowa, Oregon, California and, in the South, parts of North Carolina and Virginia. "Subsurface soil moisture is still very low in a lot of states," said Douglas LeCompte, a meteorologist for the U.S. Department of Agriculture.

Ronald Reagan may be leaving the presidency, but the Gipper gallops on. George Gipp, the Notre Dame football immortal whom Mr. Reagan portrayed in the 1940 motion picture "Katie Rocknes, All American," is to be the subject of a new film. The producer is the British film company Goldcrest, which also made "Gandhi" and "Chariots of Fire."

Members of the next House of Representatives, observes Robert Marino of the International Herald Tribune, will include a Pickle and a Pepper; a Fish, a Spratt and a Roe; a Frost and a Snow; a Fields and a Brooks; a Rose and a Valentine; a Ford, a Packard and a Carr; a Wheat and a Pease; a Cooper, a Porter, a Miller, and a Baker; a Penny and a Price; a Wise and a Moody, a Carper and a Payne.

Arthur Higbee

JAPAN: U.S. Navy Fires Near Ship

According to the Japanese Maritime Safety Agency, the Towers opened fire about nine miles (15 kilometers) off the Boso Peninsula in Chiba Prefecture, southeast of Tokyo and Yokohama. The site of the incident, Japanese officials said, was more than 35 miles from the designated zone where all test firing is supposed to take place.

The four to five shells fell within 1,000 feet (300 meters) of the stern of the Uruga, a 300-foot-long helicopter carrier used by the Maritime Safety Agency, a civilian group that is roughly equivalent to the U.S. Coast Guard.

"The weather was perfectly clear, and the Towers could see the Uruga without binoculars," said Kazuhiro Numata, a spokesman for the agency. "The two ships were only seven kilometers apart."

He said that the navy still had not told the agency why its ship had opened fire so far from the testing range, which is closed to ordinary maritime traffic.

Admiral Hardisty and Mr. Mansfield promised at their meeting with Mr. Takeshita, and again in a session with Souseike Uno, the foreign minister, that "such incidents would never happen again," the Japanese Foreign Ministry said Friday.

"President Reagan as well as Vice President Bush, feel the same way I do," Mr. Mansfield added.

The Loyal Bush Troops Line Up for Plum Jobs

WASHINGTON — President-elect George Bush and his transition team have begun to focus on the selection of 4,000 to 5,000 full-time political appointees who will shape the policies of his administration.

Mr. Bush sees the jobs as the fruits of victory, and so do Republican Party officials, campaign supporters, financial contributors, interest groups and Republican members of Congress.

Many are already staking their claims, pressing the president-elect and his aides to remember past favors and pledging their loyalty.

Mr. Bush will share the reins of government with appointees ranging from 14 cabinet secretaries, each of whom will earn \$99,500 a year, and their deputies, assistants and top aides (\$75,500 to \$89,500), to 134 ambassadors (mostly \$75,500), the chairman of regulatory commissions (\$82,500 to \$89,500) and lawyers, physicians, confidential assistants and private secretaries, whose salaries are found throughout the federal pay scale.

They are among about 8,000 posts, including honorific and part-time jobs, listed in the 1988 edition of the "Blue Book," which has just rolled off the government presses. The formal title of the book is "U.S. Government Policy and Supporting Positions."

Although these appointees make up only a fraction of the 2.1 million federal civilian employees and a similar number of military personnel, they will help define the administration.

Mr. Bush's task is complicated by the hundreds of Reagan administration appointees who would like to keep their jobs and are expected to seek the help of their mentors in the party and in Congress.

At his news conference in Houston on Wednesday, the president-elect noted that he had said in the campaign that he would "for the most part bring in a brand new team of people from across the country."

While Mr. Bush is reluctant to alienate party stalwarts and congressional leaders and does not wish to create a cadre of disgruntled Republicans whom he has dismissed, political analysts expect him to push for his own team.

"George Bush has been in Ronald Reagan's shadow for eight years," said Stephen J. Wayne, professor of political science at George Washington University in Washington. "He needs to assert himself, and he's going to assert his independence in his choice of appointees."

Bradley H. Patterson Jr., who held White House jobs under Presidents Dwight D. Eisenhower, Richard Nixon and Gerald R. Ford, said, "Any new president wants to signal a clean sweep."

The Bush transition office is expected to computerize thousands of résumés under categories that will include sex, race, state, professional skills and sponsors.

Animal Advocate Held in Bomb Case

NORWALK, Connecticut — An animal rights advocate was arrested Friday and charged with trying to use a radio-controlled pipe bomb to kill the head of a surgical equipment company that experiments on dogs.

The police said that Fran Stephanie Trutt, 33, of New Hyde Park, New York, was arrested while placing the pipe bomb at offices of the U.S. Surgical Corp. She was charged with attempted murder, possession of explosives and manufacturing a bomb, and held in \$500,000 bail.

A police spokesman said the bomb was "capable of killing anyone near it." Ms. Trutt, he said, planned to detonate the bomb as the company chairman, Leon Hirsch, walked by.

The company has been criticized for using anesthetized live dogs to demonstrate its equipment for surgical stapling, a new process that replaces stitches in closing wounds. State health officials, responding to complaints by animal rights groups, ruled recently that such use of animals does not violate state law.

MEMORIAL NOTICE

In memory of their dear departed **HENRY DORSEY, aka HALPUN,** the Doocy, Halton, Cohen, Beani and Stez families announce that a religious service will be held and traditional prayers said at the Synagogue, 28 rue Balthazar, Paris 9, Saturday, November 12 at 16 h 30.

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26 27 28 29 30 31 32 33	26 27 28 29 30 31 32 33	26 27 28 29 30 31 32 33
34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41
42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49
GAME 4	GAME 5	GAME 6
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Herald Tribune

A Mandate to Make Sense

Now that George Bush has won the presidency, the battle turns to the election's message. The stakes transcend words, for whoever defines the voters' mandate will shape the political terrain and gain power.

That way of describing the mandate makes sense. The same good sense shines through in the choice of James Baker to be secretary of state.

Progress on the Prisoners

It takes some stretching to imagine that Iran and Iraq, whose leaders dispatched a million or more soldiers to death in an eight-year conflict, will pay heavily now to get back the tens of thousands of prisoners of war they apparently held between them.

sitting on Iranian territory. The propaganda advantage goes, in this round, to Iraq. Iraq, however, is straining in the peace talks overall.

On Scientific Citizenship

When the KGB spread the story that the AIDS virus had been created in American biological warfare laboratories, the Soviet scientific establishment knew it was a lie but did not protest.

had conclusively demonstrated that the department's supplies of yellow rain were in fact the dried dung of jungle bees.

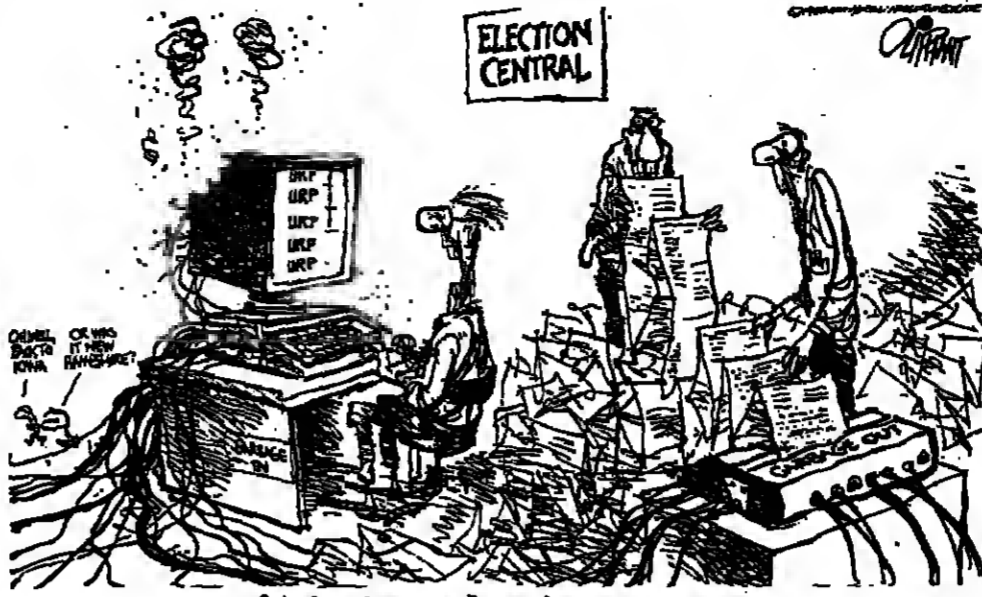
Other Comment

Much the Same Old House The feminist Eleanor Smeal has said that the House and Senate have been turned into "incubators of protection clubs."

the Senate must replace Robert Byrd of West Virginia as the majority leader. The Democrats held 257 of the House's 435 seats in the previous Congress.

Don't Deny Bush His Legitimacy

WASHINGTON—The "mandate" nonsense has been going on nonstop since election night. Every half-hour, one maven or another declares that George Bush won the election, but no mandate.



A virus just ate the entire vote count—we'll have to hold the election over again.

The point is that for a mandate to govern—all that most presidents have asked for—you need only a one-vote majority.

There are three kinds of president. There are those, like Mr. Reagan, for whom the presidency is a means, a way to do things to the country.

There are those, like Mr. Bush, for whom the presidency is an end, a way to do things for themselves (satisfy resentments, command respect).

A Manipulated Public Can Offer No Mandate

FROM the beginning, American political theory has rested on the idea of popular sovereignty. In the United States, James Madison wrote in 1788, "The people, not the government, possess the absolute sovereignty."

The hard problems facing America were severely addressed in the U.S. election. Neither candidate gave a clue as to how he would handle the most menacing problem of all: the gathering economic storm.

The voters had no way to demand answers. The renotions of the 1988 campaign from the realities of government has kept the voters from having any meaningful input on the hard questions facing a new president.

Israeli Parties Aren't the Sole Determiners of Peace

NEW YORK—People, even very intelligent people, have some far-fetched ideas about what presidents and prime ministers can do.

was ready to coexist peacefully with Israel. Mr. Mubarak offered such assurances after the recent meeting with King Hussein and Mr. Arafat.

people." Yes, he accepts Resolutions 242 and 338 "along with all other United Nations resolutions."

No, he does not seek "mutual recognition" between the PLO and Israel until there is a Palestinian state. "Israel has to ask this from the Palestinian state," he says.

Cyprus: Fighting the Ahab Syndrome

NICOSIA—Cypriot hospitality, as warm as the Mediterranean in June, is legendary. Except when government officials are in a hurry.

evils to crony Ahab were visibly personified and made practically accessible in Moty Disk. He piled upon the whole's white lump the sum of all the general rage and hate felt by his whole race from Adam down.

their 'prison.' The wall around them had assumed psychological significance not only did it protect them from outside danger, it enclosed them to form a cohesive living unit.

1888: Police Chief Quits LONDON—The resignation of Sir Charles Warren, the Chief Commissioner of Police, was announced today (Nov. 12).

1913: 150 Die in Storms NEW YORK—The storms on the Great Lakes have cost at least 150

The Risky Education Of a Leader

By William Pfaff PARIS—It has made a crucial change in East-West relations to have men come to power in the Soviet Union with serious knowledge of what goes on in the West.

The Kremlin's lesson came almost too late.

Only after they were educated was it possible to argue with them about ideology, and for that matter, about tactics.

Another lesson in the risky ignorance of leaders is provided in the account, just published in London, of how the Kremlin interpreted a North Atlantic Treaty Organization exercise in the fall of 1983 as a possible nuclear strike against the Soviet Union.

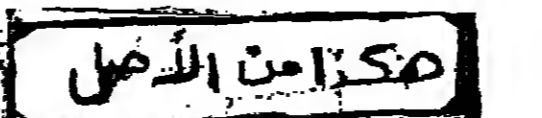
100, 75 AND 50 YEARS AGO

1888: Police Chief Quits LONDON—The resignation of Sir Charles Warren, the Chief Commissioner of Police, was announced today (Nov. 12).

1938: Jews Are Fined BERLIN—The Reich today (Nov. 12) decreed measures to ostracize the 600,000 Jews left in Germany from the economic and cultural life of the nation.

1913: 150 Die in Storms NEW YORK—The storms on the Great Lakes have cost at least 150

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1938-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen



OPINION

A 'Kinder, Gentler Nation'? Here's What Bush Can Do

By A. M. Rosenthal

NEW YORK — George Bush says it so often and so deliberately that the assumption has to be that he means it. He wants to use the presidency to help make the United States a kinder, gentler nation.

ON MY MIND

They are the emotional equivalent of illiteracy. Both are intellectually blinding. It is much more interesting to assume that Mr. Bush means it, even if he has not yet figured it through.

It is an intriguing choice of words. They are Mr. Bush's own, so even if a speechwriter wove them into a slogan, they tell us something about how the president-elect sees himself and would like to be seen.

What other president would use them? Probably not Ronald Reagan, because he does not have the sense of self-inquiry that those two words, so unusual for a politician, imply.

Neither Franklin Roosevelt nor Lyndon Johnson used the words, and in both men's careers there were signs of cruelty. FDR did little to help Jewish refugees from Germany.

Mr. Bush can speak of the need to respect the beliefs of others — redemption for his flag-waving insults to Govern-



It's Not Too Late to Defeat Dan Quayle

By David A. Kaplan and Gary S. Simon

NEW YORK — Dan Quayle does not have to be the next vice president of the United States. Just ask the framers of the constitution, who devised the Electoral College precisely to deal with such a predicament.

Under the electoral system, voters on Election Day select 538 delegates — "electors" — who meet Dec. 16 to vote for the president and vice president.

Of course, members of the Electoral College cannot pick just anybody. The constitution restricts their choice to those individuals who are at least 35 years old, U.S. citizens by birth and not yet dead.

Those who revere the doctrine of original intent know that the electors were never supposed to be a rubber stamp. In Federalist Paper No. 68, Alexander Hamilton wrote that the president and vice president should be chosen by persons "most capable of analyzing the qualities adapted to that station, and acting under circumstances most

Keep an Eye on the Ones That Eat Metal

By Dave Barry

MIAMI — Well, in case anybody is interested, it looks like we're about to be eaten by insects. You may have missed this, because it was reported in the section of the newspaper where we put the Major News Events such as the presidential election, which most people wisely skip over.

Anyway, there was a story stating that several million locusts have flown over to the Caribbean from Africa. Did you hear me? I said SEVERAL MILLION LOCUSTS HAVE FLOWN OVER TO THE CARIBBEAN FROM AFRICA. Think about that. I mean, we are talking about THOUSANDS OF MILES. Many U.S. air force PLANES cannot fly that far.

body seems to be able to stop it. And let us not forget the killer bees! No girl! These are of course the vastly improved bees that are slowly but surely stinging their way northward from Mexico, cow by cow. The good news here is that somebody actually IS trying to do something about the killer bees, but the bad news is that it's the federal government, so there is no hope.

MEANWHILE

through METAL. Needless to say they are spreading like crazy, and nobody seems to be able to stop them. Which immediately brings to mind the Asian cockroach, an improved breed of roach that has been documented extensively in scientific papers such as the Dave Barry column. Whereas a normal cockroach is shy and retiring, skittering away in guilty fashion when people get near, the Asian cockroach acts like a state legislator at a Rotary Club meeting, barging right up to you to see if you're eating something he might like a taste of.

LETTERS TO THE EDITOR

Behind Jordan's Changes

Regarding "Jordan Puts the Brakes on the High Roll" (Nov. 7):

While there are elements of truth in Alan Cowell's article on Jordan's economic situation, he is mistaken to suggest that Jordan's recent economic austerity measures will "further diminish the role Jordan once played as a principal focus of U.S. attention in the stalled drive for peace in the region."

His Majesty King Hussein has reaffirmed Jordan's continued role in and commitment to the peace process. The article also implies that Jordanians of Palestinian origin are in danger of "being relegated to second-class status." This is absolutely not true.

In five weeks, the Electoral College will face the question: Should Dan Quayle be a heartbeat away from the presidency? The answer must be no. And how will the young vice president-reject explain his electoral failure to his dad? Well, it wouldn't be the first time he brought home bad news from college.

Regarding the recent change in editorial management of the press, it was prompted by the need to separate newspaper ownership from editorial policy.

and for no other reason. The new editors are leading journalists, holding long-established credentials and widely respected for their independent thought.

HUSSEIN A. HAMMAMI, Ambassador of Jordan, Washington.

Differences of Degree

Regarding the report "Astronauts Aboard Discovery" (Sept. 30):

Lieutenant Colonel David C. Hilmers, who was on the crew of the U.S. space shuttle Discovery, is a graduate of Cornell College in Mount Vernon, Iowa. The biographical sketches of the astronauts that you printed probably led most readers to conclude that he was a graduate of Cornell University in Ithaca, New York.

CRAIG KUEHL, Geneva.

The July 14 obituary of Joshua Logan states that "he was never graduated from Princeton." He did, in fact, leave Princeton before writing the required senior thesis, and he long regretted not having a degree. Many years later (1950) he wrote "The Wisteria Trees" and submitted the play as his senior thesis. The university accepted it and awarded him an honorary master's degree in 1953.

S. F. GREGORY, New Delhi.

The Risky Education Of a Leader

By William Phil

PARIS — It has made a change in East-West relations. Men come to power in the West with serious knowledge of what goes on in the West. They lead in the West and possess a real acquaintance with Western ideas and goals.

The Kremlin's lesson came almost too late

fact circles, was not ideology but that they had to be able to grasp the real problems.

Only after they were surrounded possible to argue with them on these, and for that matter, strategy. I attended a meeting in Berlin where Mr. Reagan's people confronted a number of West German policy makers.

Now many of these same defend arms control deals with the Soviet Union that the West must consider risky, and they're about how the U.S. economy is protected against Europeanizing trade competition.

Another lesson in the ability of leaders is provided in an account, just published in London, the Kremlin interpreted the Atlantic Treaty Organization in the fall of 1985 as a possible strike against the Soviet Union.

Mr. Bush can speak of the need to respect the beliefs of others — redemption for his flag-waving insults to Govern-

An emergency intelligence system was established by the KGB to monitor political evidence in the West might have decided to act in periods of tension to the movements of Western leaders.

According to Mr. Gorbachev, the system was activated in Nov. 1983, when the interim Soviet Komsomol Chernenko, was in NATO launched an exercise concerning the event of war.

NATO procedures submitted were changed, according to account. What is disturbing here is that during this period Gorbachev and his allies took for granted Anatoli Dobrynin, then the Soviet ambassador in Washington, as other Soviet observers in the had reassured Moscow that the "empire" rhetoric had nothing with the West's real intentions.

Today the understanding of resources for the technical and are side are larger than ever. Yet to ask if leaders make sensible those resources. The gross of nation, policy and national in this respect. The risk is in comment in one's national and it is not a trivial matter.

International Herald Tribune © Los Angeles Times Syndicate

1938: Jews Are Fleeing

lives. Cleveland is under a foot of snow, but the downtown food supply is very short. We're shutting down because of the snowing to the depth of the snow.

1938: Jews Are Fleeing

BERLIN — The Reich has decreed measures to reduce the economic and cultural life of the Jewish population in Germany and to reduce the number of Jews in the Reich.

1938: Jews Are Fleeing BERLIN — The Reich has decreed measures to reduce the economic and cultural life of the Jewish population in Germany and to reduce the number of Jews in the Reich.

FLYING TO THE USA NEEDN'T MEAN 'BUSINESS' AS USUAL. In addition to their plush, supple leather, we've covered them in soft-sheared lambswool. Seats, in other words, built for lounging. With all that implies about leg and elbow room. As for our cabin service, you'll find it attentive but unobtrusive. Whether you're being served the champagne we welcome you aboard with. Or the vintage wines we insist on pouring in a civilized fashion. From the bottle. At your seat. Or the four-course, chef-prepared meals worthy of the name cuisine. These are just some of the attractions of our daily non-stop flights to the USA from the UK, France, Germany, Spain and Switzerland. Flights that can connect you to our network of over 200 North American cities (some in conjunction with American Eagle, our regional airline associate). Contact your local travel agent or call your nearest American Airlines office. And prove conclusively that two's company, three's a crowd. American Airlines. Something special in the air.

Hopes for a Summit Are Blooming With China-Soviet Thaw

By Nicholas D. Kristof
New York Times Service

BEIJING — It has been a busy week for two countries that have supposedly still not normalized relations.

Three Soviet citizens were attending a conference in Guangdong Province on China's economic changes.

The Soviet Union was showing off its technology — computers, tractors, and video players — at an enormous exhibition in Beijing.

A Soviet song and dance troupe was performing in the central Chinese city of Chengde, and a Chinese publisher in Beijing was planning a new Russian-language edition of a magazine about China.

Almost three decades after the Chinese-Soviet split, the world's two largest Communist countries are moving together again.

Prime Minister Li Peng said at a news conference Thursday that, if everything goes smoothly, a Chinese-Soviet summit meeting will take place in the first half of next year.

Such a meeting has seemed likely since the announcement in September that the Chinese foreign minister will visit Moscow later this year, and these days a meeting between President Mikhail S. Gorbachev and Deng Xiaoping, China's senior leader, seems almost taken for granted.

The thaw is already apparent, for trade is blossoming and middle-aged Chinese are finding new opportunities to practice their rusty Russian with a growing flow of visitors from the north.

Cross-border trade, though still small, is running four times ahead of its level last year.

A bridge was completed last month spanning the eastern border, while China is working on a rail link to unite the countries on their western border.

More than 750 Chinese laborers have been sent to the Soviet Union on construction contracts. And a Chinese-Soviet joint venture — a photography laboratory — has opened near the eastern end of their border.

"China and the Soviet Union have entered into an important new phase of their relationship," the Soviet ambassador to China, Oleg A. Troyanovsky, said Thursday.

Mr. Troyanovsky, a former ambassador to the United Nations, is one of the most experienced Soviet diplomats, a sign of the importance Moscow places on relations with Beijing.

Even so, no one seems to expect

an alliance that would upset international politics.

"We don't believe that the improvement in Sino-Soviet relations will be a threat to the development of Sino-American relations," said Peter Tomson, the United States chargé d'affaires in Beijing.

"In fact, there are benefits for the stability of Asia and globally if we can see advances in Sino-Soviet relations."

The Soviet ambassador, in his remarks Thursday, also acknowledged that the reconciliation would be limited. "We see no prospect for reversion to the situation that existed between the two countries in the 1950s," he said.

Mr. Troyanovsky said the Chinese foreign minister, Qian Qichen, would leave Dec. 1 for Moscow in the first working visit by a Chinese foreign minister since 1956.

Another Soviet diplomat said a return visit by the Soviet foreign minister, Eduard A. Shevardnadze, was likely in January or February.

Most diplomats guess that the summit meeting itself will take place in April or May, probably in Beijing, because Mr. Deng, at 84, rarely travels these days.

Disagreements remain, principally about Vietnam and Cambodia, but neither country seems eager to belabor them.

When China and Vietnam fought briefly this year about some contested islands in the South China Sea, the Soviet Union was careful not to take sides.

And when the Soviet Union suspended its troop withdrawal from Afghanistan earlier this month, the Chinese grumbled but did not formally protest to the Soviet Embassy.

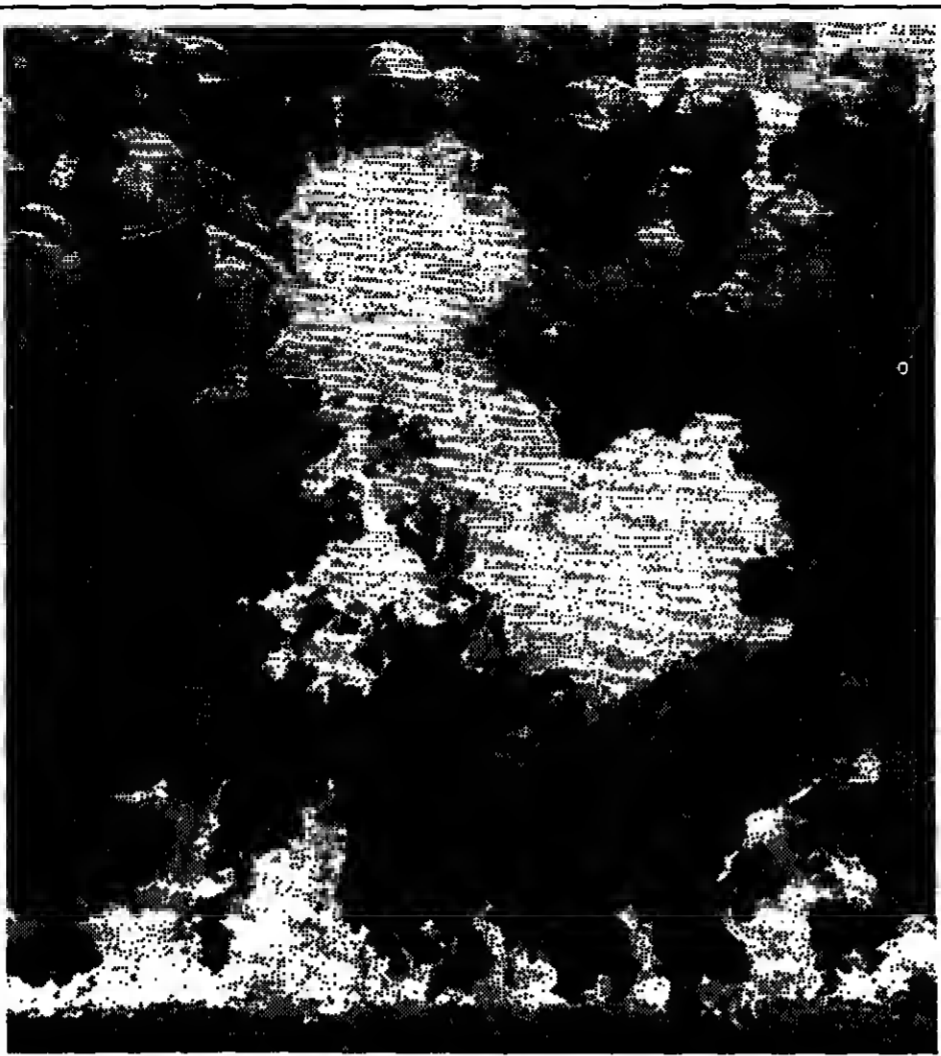
Both sides also reported considerable progress last month in talks to resolve disputes over their eastern boundary.

While the impetus for a summit meeting seems to be largely political, the growth in ties over the last year has often been based on economics.

In Siberia, for example, it makes sense to trade with Chinese cities a few hundred miles away instead of transporting goods to Russian cities thousands of miles away.

And northern Chinese communities, which have been largely excluded from the economic development of coastal areas, have been interested in finding a foreign market that suits them.

Most of the trade is barter, and economists say it is unlikely that it will ever be important for the two countries' overall economies.



Protests Against Chum Flare in South Korea
Riot policemen in Seoul battled a blaze Friday after students hurled firebombs during a protest against former President Chun Doo Hwan. In Hyopchoon to the south, radical students demanding Mr. Chun's arrest for alleged corruption set fire to his provincial home. Five policemen were injured and six students arrested. Mr. Chun, who left office in February, has denied any wrongdoings.

MILAN: Italy's Economic Point Man Tries to Shake Off Shadow of Rome

(Continued from Page 1)

where the government is. But it will be different when the center of government moves to Brussels.

"Rome," Mr. Falck said, "is not loved by Milanese."

Unquestionably, the feel of Milan is no-nonsense central European, with daily life led indoors and not sprawled across piazzas. Rome heaps its cultural splendors upon a platter, and invites visitors to dig in.

By comparison, Milan's pleasures are morsel-sized — sleek boutiques and discreet courtyards that lurk in and around stolid buildings.

An old saying here holds that "Milan works, Rome eats." Depending on their geographical point of reference, Milanese insist that Italy ends south of the Po River, or south of Tuscany, certainly south of Rome. From there on down, it is the Middle East.

"This city is European; it is not Italian," said Indro Montanelli, the acid-tongued (and Florence-born) editor of the conservative Milan daily *Il Giornale*.

Romans respond that Milan is gray, grim and gruff, not a place where one can live or have fun. Milanese are sensitive to the charge.

A poster campaign under way to promote Milan as a "city of art" demonstrates a certain self-consciousness about the dearth of world-famous attractions on a par with those of Rome, Florence or Venice.

"Visitors come and look at 'The Last Supper,' and then say that they've done Milan," said Paolo Viti, director of cultural relations for Olivetti, the computer giant.

It remains a place to make money. Until the flow stopped a few years ago, southern Italians had

flocked to Milan in search of jobs and a better life.

With only 2.5 percent of Italy's population, the city of 1.5 million people accounts for nearly 10 percent of the gross national product.

The per-capita GNP of \$15,500 is 38 percent higher than the national average.

Milan is where one finds Italy's stock exchange, most of its investment banks, nearly all Italy-based foreign banks and the major fashion houses, advertising agencies and broadcasting companies.

"It's already 1992 in Milan," Mr. Viti said. "The city is already integrated with the European economy."

All this, Milanese say, has been accomplished in spite of — not because of — the capital in Rome, which they feel inhibits growth with enormous budget deficits, a glacial bureaucracy and a bottomless capacity for political intrigue.

HACKER: Code-Breaking Became a Family Affair

(Continued from Page 1)

lasting damage, that it pointed up far more serious security threats.

And, in an interview, Mr. Morris appeared to find it difficult to suppress some pride in the technical wizardry of its creator.

"I know a few dozen people in the country who could have done it," he said. "I could have done it, and I'm a damned good programmer."

He is better than good, say his associates. In 26 years at Bell Laboratories in New Jersey, Mr. Morris, a mathematician by training, helped create the Unix program that is the foundation of modern computer operations.

Such programs are the rule books by which computers process the numbers, words, sounds and images fed into them.

"He's one of the best," said his onetime supervisor at Bell Labs, M. Douglas McIlroy.

Both Mr. Morris and his son are regarded by their peers as brilliant computer analysts, blessed with insights into mathematical and logical problems whose complexity might confound lesser experts.

Yet that is but one of many common traits that have so bound father and son together that they appear, at times, to lead parallel lives.

Both fell into computer programming more or less by accident. Both cut their teeth in the profession in summer jobs at Bell Labs, and both maintained computer systems while studying at Harvard University.

Anne Morris, the elder Mr. Morris's wife, said the two men were scarily aware of the similarities.

"Of course, they are aware of it. How could they not be?" she said in the interview. "Their interests and careers will dovetail so that

there will be a continuum of Robert Morris over the course of computer science."

Robert Morris Jr. is the product of a family of bright and feisty independent parents and children.

Anne and Robert Morris met in 1959 while she was working at the Massachusetts Institute of Technology and he was pursuing a doctoral degree in mathematics at Harvard.

Mr. Morris abandoned his pursuit of the degree shortly after joining Bell Labs for a summer job, remaining there through a range of research projects.

Computing proved his real love, and in the 1960s a Bell Labs computer terminal was installed in the 200-year-old farmhouse that the family occupied.

The oldest of their three children, Meredith, now 25, had little interest in computing and now works at the Library of Congress in Washington.

The youngest, Ben, 21, proved an avid outdoorsman and works for a New Jersey tree service company.

The middle child, Robert, was different. At 4, Mrs. Morris said, he was constructing intricate models from cardboard and Scotch tape, including a handgun with working parts and an automobile that could be steered.

And with the children of other Bell employees, he began to play computer games. By age 14 or so, his mother said, his "obsession" from the outside" on the family computer terminal attracted the attention of Bell Lab officials, who began allowing him to visit his father's office and play with computer projects.

He wrote technical analyses of computer programs just for fun and, as his parents acknowledge, also became an adept electronic cat burglar, using his superior programming knowledge to sneak in and out of other computer files undetected.

His parents say he was depicted, but not identified, in a 1982 magazine article as "a quiet, polite young man with soft brown hair and rosy cheeks" who "has broken into password files, read supposedly private computer mail, and has broken into computers that are linked together in networks."

"I never told myself that there was anything wrong with what I was doing," he was quoted as saying at the time, adding he had continued with it because he enjoyed the challenge of testing computer security.

So did his father. After 15 years of computer programming research, the elder Mr. Morris became increasingly expert with code breaking and electronic security.

So talented did he become that Bell Labs' parent, the American Telephone & Telegraph Co., gave him special authority to attempt break-ins into Bell computers, on the promise that he inform his super-

iors of any successes so that system "holes" could be plugged.

By the 1980s, associates say, Mr. Morris was both a master cryptographer and one of the world's leading specialists on protecting electronic information.

As his son was entering Harvard as an undergraduate in 1983, he himself was penning notes for his Harvard classmates' 25th anniversary report.

"A long time ago," he wrote, "I promised myself that I would learn to read Grock, learn in some detail how the planets move in their orbits, and how to decipher secret codes. I have gone a long way toward keeping all three promises."

His son followed the same track. After two summer jobs at Bell Labs, he entered Harvard and was quickly hired by the Aiken Computer Center at the university as a maintenance worker.

Because of his maintenance ability, he was given "super-user" privileges at the center, allowing him to wander at will through high-security files in the system. A former roommate says he ignored the opportunity to make mischief. Why?

"It was no challenge," the roommate said. "You were already inside. Why do anything?"

UN Assembly Begins Debate On Child Abuse

New York Times Service

UNITED NATIONS, New York — The General Assembly has opened a debate on child abuse that is expected to result in the adoption next year of an international convention protecting the human rights of children.

The draft convention, which is almost complete, pulls together all the obligations adults already have toward their children under the UN Universal Declaration on Human Rights and two more-detailed human rights covenants.

For the first time, the convention redefines the obligations as children's rights. The draft convention also breaks new ground, UN officials said Thursday, by establishing for the first time the right of children to enjoy a family life and extending international legal protection to the process of adoption.

The convention binds governments accepting it to provide a properly regulated adoption service to insure that orphans and other deprived children have access to family life. It also requires them to prevent abuses like the sale of children into forms of slavery and bondage.

The draft convention also expressly gives children the right of free association for the first time.



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صكياتنا الأصل

ARTS / LEISURE

A Modern-Art Spree

NEW YORK — Relief at having passed the presidential election hurdle combined with an ever-growing eagerness to find a safe haven for roving capital led this week to the biggest spending spree ever at auction.

SOUREN MELIKIAN

Wednesday at Christie's, they share one major characteristic — all were executed in the mid-1950s to the early 1960s and are tied to the beginnings of some crucial phase in the respective artists' oeuvre.

This spectacular start had a knock-on effect on the first contemporary painting, Rauschenberg's "Rebus." This is a gigantic frieze, 243 by 332 centimeters, which reminds one of those dingy suburban walls where the locals have been pasting posters, splashing paint and scribbling — if combines paper and fabric collage with hastily applied color and some doodling to peocil.

By that time, dizzying figures were getting to be the norm, and no one seemed particularly surprised when a square picture by Johns, monotonously covered with gray blotches, graciously ascended to \$4,250,000.

There could be no better way of suggesting to the dullest reader that the "young Americans" in question must be seen as a logical sequence to the great Picasso. Indeed, the catalogue was divided in two halves, one with six Picassos, the other with six paintings by contemporary artists done between 1955 to 1972.

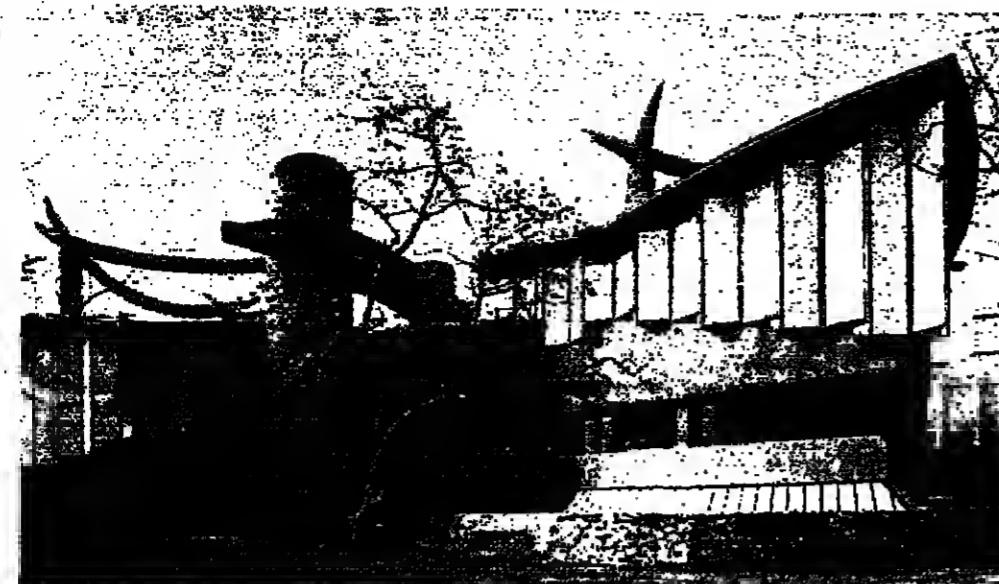
The auction was a riot. The first Picasso, purely decorative in a rather gloomy vein, "L'Atelier," dated April 1956, zoomed to \$2,850,000. The next one, from the "Femmes d'Alger" series, sold more conservatively for \$962,500, roughly in the middle of the estimate, while the third Picasso, "La Caga d'Orseur," done in 1923 in the Synthetic Cubist manner, dumbfounded the attendance as it rose to \$15.4 million, the highest price ever paid for an early 20th-century master.

After that, when a London dealer offered \$2,530,000, 50 percent over the high estimate, for a Cubist portrait of 1943 depicting a "Femme assise" — Françoise Gilot — nobody batted an eyelash.

The fifth Picasso, loosely composed and painted in a slapdash manner, was almost seen as a dis-



Jasper Johns's "False Start," done in 1959, sold for \$17,050,000.



The Los Angeles County Museum of Art's Pavilion for Japanese Art, which opened in September.

Showcasing Japanese Art

By Michael Kimmelman

LOS ANGELES — Its winged roofs, zigzagging walls and circular towers covered in shards of green quartz loom to the west of the La Brea Tar Pits. The Los Angeles County Museum of Art's new Pavilion for Japanese Art has prompted some observers here to suggest that La Brea's fake mastodons look as though they are rearing up in startled response.

A \$12.7-million building virtually guaranteed to catch the attention of passers-by along nearby Wilshire Boulevard, the Japanese pavilion is the latest and architecturally boldest step in museum's expansion.

Two years ago, the Robert O. Anderson wing was opened to house the museum's 20th-century objects. When a collector of Japanese art, Joe D. Price, offered to donate 300 painted screens and scrolls from the Edo period (1615-1868), the museum agreed to construct this pavilion.

The pavilion was originally designed for Price's estate near Bartlesville, Oklahoma, by Bruce Goff, a follower of Frank Lloyd Wright known for his eccentric designs. Price later concluded that his objects, called the Shincan collection and considered one of the finest assortments of Japanese paintings in the world, should reside in a major museum.

After Goff's death in 1982, one of the architect's assistants, Bart Prince, took over the project, adjusting the design to the seismic and structural requirements of Los Angeles, toning down some of the more unusual details and eliminating ornate mosaic panels.

Just as Wright built distinctive structures, such as the Imperial Hotel in Tokyo, that depended for inspiration on traditional Japanese architecture, Goff created a monument that emulates both his admiration for Wright and his own free-wheeling spirit.

With roofs supported by cables attached to curving beams that recall Japanese gateways, its plastic translucent walls imitating Japanese shoji, or paper folding

screens, the pavilion constitutes Goff's exotic interpretation of the Far East. An airy, curvaceous interior includes ponds and waterfalls.

The 32,100-square-foot (2,953-square-meter) building divides into two parts, one devoted to prints, the other to scrolls. Prints recently donated by Frances and Raymond Bushell, ceramics, kimonos and sculptures already belonging to the County Museum.

The other wing contains a series of ramps, reminiscent of those at Wright's Guggenheim Museum in New York, along which stand mahogany display cases, or alcoves in the shape of Japanese tokonomas. A changing assortment of the screens and scrolls — roughly 30 at one time and gently lit by sunshine filtered through the translucent walls — is exhibited in the alcoves.

"We have always collected Asian art, but this means an exponential shift in the quality of our collection," Earl A. Powell 3d, the museum director, said about the Shincan bequest.

A building devoted to Japanese art provided the museum with an opportunity to acknowledge the cultural and financial stature of the city's growing Asian community. "It's especially appropriate, given Los Angeles's presence as a corporate center on the Pacific rim," said Powell.

Having completed the pavilion, the County Museum has already begun the next stages in a long-term expansion plan.

Construction is under way on a new library and small lecture hall, said Powell, and the museum's trustees have discussed creating a new wing for the decorative arts collection.

The institution is also considering major renovations of its original three buildings — designed in the early 1960s by William L. Pereira — housing the bulk of the County Museum's art.

Among possible changes are the redesign of the exterior to make these structures more closely match the nearby Anderson wing.

Petit Ballet Cheered in Berlin

By James Helme Sutcliffe

BERLIN — An enthusiastically applauded "Notre Dame de Paris" gave the ballet ensemble of the Deutsche Oper one of its most resounding successes of recent seasons. Roland Petit's ballet entered the ensemble's permanent repertoire after its German premiere Tuesday.

The ensemble's talents and efforts have been wasted on questionable projects during the past season. The world premiere of Edward Grosskopf's "apocalyptic odyssey" called "Light-Bang" a year ago turned out to be a sort of symbolic pantomime with very little dancing and stultifyingly boring music. Last March, the ineffectual "Orpheus X 3" also fell flat. The first was commissioned to celebrate the city's 750th anniversary, the second for the project "Berlin — Cultural City of Europe 1988." Both left viewers cold.

With "Notre Dame de Paris," based on Victor Hugo's novel, the audience was given a well-known story (both the Laughtoo and Quinn "Hunchback of Notre

Dame" movies have recently been seen on German television) and Petit's uniquely unconvincing mixture of classic ballet movements and gestures that look like a cross between gymnastics and aerobics, something that only he — among contemporary choreographers — can make work.

In René Allio's simple but effective settings and with the counterpoint colors of Yves Saint Laurent's dazzling costumes, everything was clear and comprehensible, a far cry from the murky stage pictures that most German theaters feel required to put before their subscribers.

One scene in particular, the touching pas-de-deux between the Eusebe Ensemble, performed by the dancing Berlin prima ballerina Raffaella Renzi, and the ugly hunchback Quasimodo (Tom van Cauwenbergh), not only drew forth the most expressive music from the composer Maurice Jarre, who had evidently studied Britten's "Prince of the Pagodas," it was also the choreographic high point of Petit's ballet, reproduced in Berlin by Robert Richmond.

James Helme Sutcliffe is a Berlin-based critic and musician.

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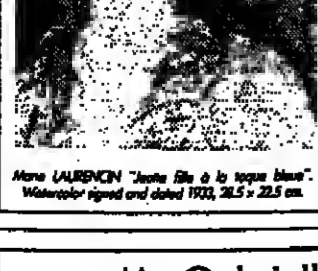
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Vol.	High	Low	Last	Chg.
IBM	110 1/2	110 1/4	110 1/2	+1/4
AT&T	25 1/4	25 1/8	25 1/4	+1/8
Amgen	40 1/4	40 1/8	40 1/4	+1/8
Amgen	40 1/4	40 1/8	40 1/4	+1/8
Amgen	40 1/4	40 1/8	40 1/4	+1/8

Market Sales	
NYSE 4 p.m. volume	135,900
NYSE 4 p.m. volume	135,900
NYSE 4 p.m. volume	135,900
NYSE 4 p.m. volume	135,900
NYSE 4 p.m. volume	135,900

NYSE Index				
High	Low	Close	Chg.	Prev.
Composite	132.28	132.28	-0.25	132.53
Industrial	132.28	132.28	-0.25	132.53
Transport	132.28	132.28	-0.25	132.53
Finance	132.28	132.28	-0.25	132.53

Friday's
NYSE
Closing
Via The Associated Press

AMEX Diary		
Code	Price	Change
Advanced	1.00	+0.05
Declined	1.00	-0.05
Unchanged	1.00	0.00

NASDAQ Index				
Composite	Close	Chg.	Prev.	High
Industrial	132.28	-0.25	132.53	132.53
Transport	132.28	-0.25	132.53	132.53
Finance	132.28	-0.25	132.53	132.53

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
BAT	110 1/2	110 1/4	110 1/2	+1/4
Amgen	40 1/4	40 1/8	40 1/4	+1/8
Amgen	40 1/4	40 1/8	40 1/4	+1/8
Amgen	40 1/4	40 1/8	40 1/4	+1/8

Dow Jones Bond Averages			
Close	Chg.	Prev.	
Govt	110 1/2	+1/4	110 1/4
Corp	110 1/2	+1/4	110 1/4
High Yield	110 1/2	+1/4	110 1/4

NYSE Diary		
Code	Price	Change
Advanced	1.00	+0.05
Declined	1.00	-0.05
Unchanged	1.00	0.00

Odd-Lot Trading in N.Y.				
Buy	Sales	Shares	Value	Chg.
Nov. 10	23,624	2,989	24,613	+1,000
Nov. 9	22,544	2,819	25,363	+2,750
Nov. 8	22,544	2,819	25,363	+2,750

Dow Jones Averages				
Open	High	Low	Last	Chg.
Indus	2892 1/2	2892 1/2	2892 1/2	+1 1/2
Transp	2892 1/2	2892 1/2	2892 1/2	+1 1/2
Comp	2892 1/2	2892 1/2	2892 1/2	+1 1/2

Standard & Poor's Index				
High	Low	Close	Chg.	Prev.
Indus	2892 1/2	2892 1/2	2892 1/2	+1 1/2
Transp	2892 1/2	2892 1/2	2892 1/2	+1 1/2
Comp	2892 1/2	2892 1/2	2892 1/2	+1 1/2

NASDAQ Diary		
Code	Price	Change
Advanced	1.00	+0.05
Declined	1.00	-0.05
Unchanged	1.00	0.00

AMEX Stock Index				
High	Low	Close	Chg.	Prev.
284.8	284.8	284.8	+1.5	283.3

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld.	P/E	52 Week High	Low	Close	Chg.
44 1/4	44 1/4	AAR			44 1/4	44 1/4	44 1/4	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0

NYSE Stocks Sink With Dollar

NEW YORK — Prices closed sharply lower Friday in light trading on the New York Stock Exchange, as Wall Street observed Veterans Day amid pressure from the weaker dollar and concern over the economy.

The Dow Jones industrial average, which fell 3.55 points Thursday, plunged 47.66 to close at 2,892.03. For the week, the 30-stock index fell 73.77 points.

Declines trounced advances by almost a 9-2 margin. Volume rose to 125.5 million shares from 128.92 million traded on Thursday.

"The dollar's weakness and fear of higher interest rates put a cloud over the market all week," said Don R. Hays, director of investment strategy at Wheat, First Securities in Richmond, Virginia.

"There wasn't much volume Friday, so it didn't take much to drive the market lower," he added.

Mr. Hays said conflicting signals from the last two economic reports put additional pressure on the market. The Labor Department said Thursday that wholesale producer prices remained steady from September to October, indicating the economy may be slowing and inflationary pressures cooling off.

But the government last Friday released better-than-expected data on U.S. unemployment in October, suggesting that inflation and raising the possibility that the Federal Reserve Board would boost interest rates to slow the economy.

Broad-market indexes retreated sharply. The New York Stock Exchange index fell 2.85 to close at 151.24. Standard & Poor's 500-stock

index fell 5.77 to close at 267.92. The price of an average share lost 59 cents.

In earlier trading on the Tokyo Stock Exchange, however, prices soared to a record closing high in a day-long advance that was spurred by expectations of lower interest rates and weaker oil prices. The Nikkei average of 225 listed stocks, which fell 46.36 points on Thursday, rocketed 323.15 points to 28,489.57, eclipsing the former record of 28,423.38 registered Aug. 2.

On the Big Board, Panhandle Eastern was the most active stock, unchanged at 25 1/2.

RJR Nabisco followed, off 1/4 to 89 1/4. Prime Computer was third, up 1/4 to 15 1/4 amid takeover rumors.

IBM was off 3/4 to 116 1/4. AT&T was off 1/4 to 28 1/4.

Among blue-chip stocks, Union Carbide was off 1/4 to 25 1/4, Procter & Gamble was off 1/4 to 80 and General Motors was off 1/4 to 80 1/4.

General Electric was off 1/4 to 44 1/4. The company said Friday it was selling the outdoor power equipment operations of its Roper Corp. subsidiary to Electrolux of Sweden for \$295 million in cash.

GTE Corp. was off 1/4 to 43 1/4 on the announcement of plans to cut about 14,000 jobs in its domestic telephone operations over the next five years.

Stock prices closed sharply lower in slow trading on the American Stock Exchange.

The Amex market value index fell 3.15 to close at 291.48. The price of an average share lost 13 cents. Declines led advances by about a 3-1 margin.

12 Month High	Low	Stock	Div. Yld.	P/E	52 Week High	Low	Close	Chg.
44 1/4	44 1/4	AAR			44 1/4	44 1/4	44 1/4	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0
1.30	1.30	AAOI			1.30	1.30	1.30	0

صحة من الأصل

Mergers and Acquisitions

Japanese Look To U.S. to Gain New Technology

By Paul Maidment

TOKYO—It is yet another of the myths of modern Japan—that Japanese companies have no taste for mergers and acquisitions. Takeovers, including hostile ones, have a long and bloody history in Japan, especially in the turbulent years of economic reconstruction after World War II.

True, it has been 15 years since the previous M&A boom in Japan, and in recent years, Japan has not seen the megabuck deals that are making and breaking fame and fortunes on Wall Street. True, too, that, when possible, Japanese companies prefer consensus to conflict. But in the current restructuring of the Japanese economy, which is as momentous as the postwar changes, Japanese firms are again turning to mergers and acquisitions.

They are doing so to acquire experience in the new businesses into which they want to diversify. They are having to buy these skills rather than grow them because of the speed at which the economy is transforming itself from a heavy industry exporting base to the newer domestic-demand-oriented, high-value-added manufacturing and service industries.

By American standards, the number of Japanese mergers and acquisitions is small. Last year, there were 447 mergers and acquisitions involving Japanese companies, according to Yamaichi Securities, the leading Japanese mergers and acquisitions specialist. The figure excludes several thousand intra-group mergers of companies as part of corporate restructurings.

The size of most Japanese mergers and acquisitions is matchingly modest. Despite Bridgestone's \$2.6 billion acquisition of Firestone Tire & Rubber, most Japanese mergers and acquisitions fall in the \$10 million to \$30 million range.

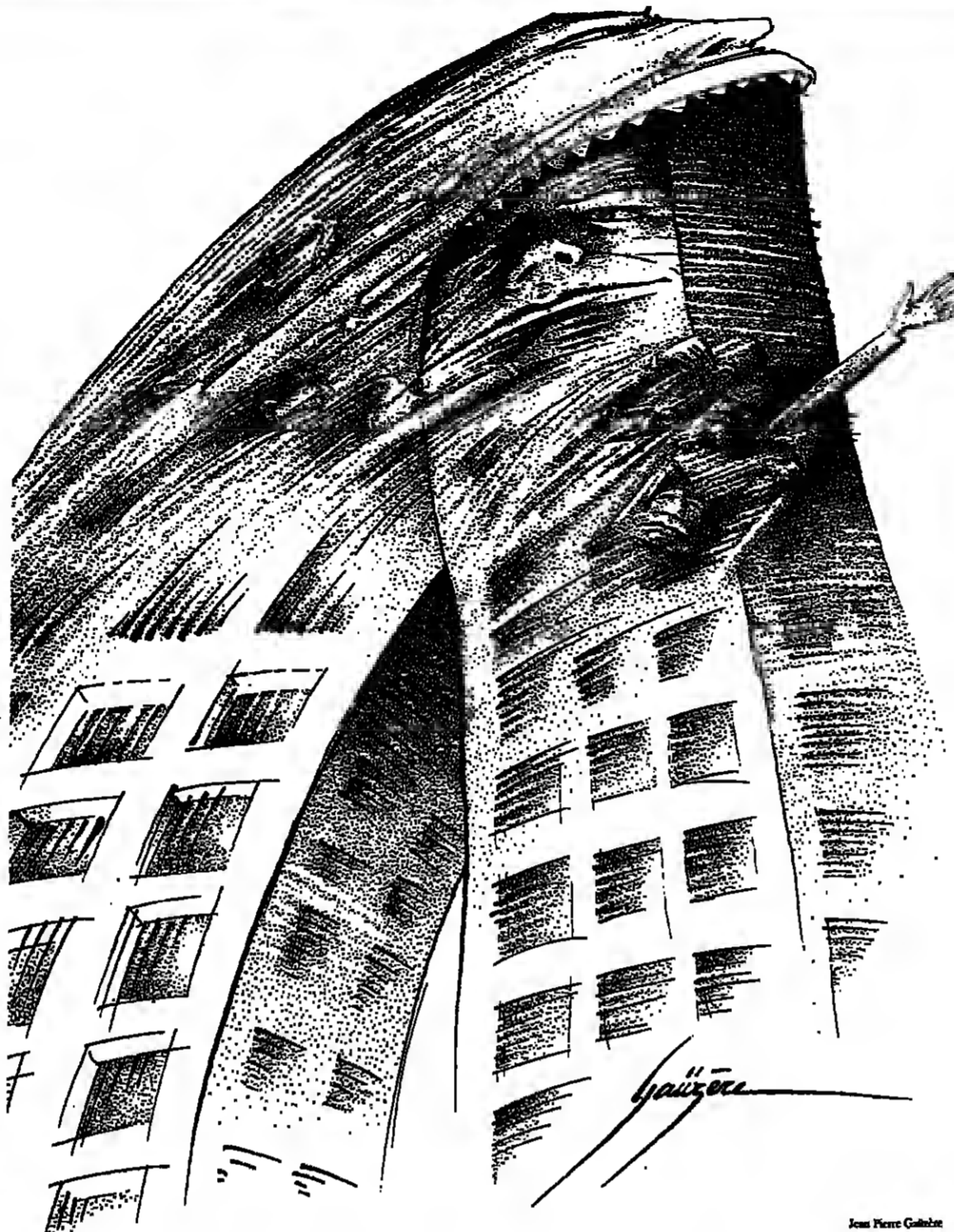
THE NEW TWIST to last year's figures is that for the first time the number of outward mergers and acquisitions exceeded domestic ones, by 228 to 219. Japanese firms had been involved in more than 50 cross-border mergers and acquisitions for the first time in 1985, according to Yamaichi.

The main target has been the United States. One reason is because the yen's appreciation since 1985 has been sharpest against the dollar, making dollar-denominated assets relatively cheaper for yen-based buyers.

Another is because the United States is where the Japanese can find the skills, technology, products, distribution networks and markets that they want. Also, the United States has few restrictions on foreign investors buying U.S. companies through the stock market.

Next, as a target region, comes Europe. The Japanese are positioning themselves for what they expect to be a wave of

Continued on page V



The success of LBO firms attracted notice, and now others want a chance 'to earn abnormally high returns.'

Leveraged Buyouts Dominate Takeovers

By Linda Keslar

NEW YORK—In its most robust year to date, the merger business in the United States is fielding bids that are bigger than ever, culminating so far with a record \$20.3 billion leveraged buyout offer for RJR Nabisco, the nation's 19th largest industrial company.

"Nothing is too big to be LBOed these days," said an M&A specialist at a leading firm, alluding to the current popularity of leveraged buyouts.

Once limited to small companies with lean product lines, this financing technique now dominates the mergers and acquisitions scene, as specialist firms such as Kohlberg, Kravis, Roberts & Co. rely on heavy borrowings to purchase ownership of companies from public shareholders, usually in a joint venture with a company's management.

By pruning a company's assets through sell-offs, the new owners have generally reaped higher rates of return through leveraged buyouts—some as much as 40 percent—than through more conservative financing methods.

"Everyone heard about the success of KKR and other LBO firms and wants a chance to earn abnormally high returns," said Langhorne Reid, co-director of mergers at Paine-Webber Inc.

Specialist buyout firms, which, some speculate, have access to funds that could help finance upward of \$250 billion in new acquisitions through commitments from institutional investors, are edging out traditional corporate bidders, both domestic and foreign, looking to form new combinations.

"Everyone was first worried about foreign investment activity, and instead they are more concerned about whether or not to go private through an LBO," noted a merger specialist who expects bond investors, as a result, to demand stricter covenants to protect their investments against such takeovers.

Overall, the merger business ballooned to a record \$129.4 billion for the first half of the year, 42 percent over the first six months of last year.

The pace is expected to continue, with the buyout phenomenon spreading to larger industrial and cyclical companies. Much of the takeover activity has been concentrated in the food, retailing and publishing industries, with high premiums, and with a record number of more than \$1 billion transactions on the table.

While the RJR Nabisco offer overshadows all in its immensity, other recent takeover bids include Philip Morris Co.'s offer of \$13.5 billion for Kraft Inc. and Britain's Grand Metropolitan PLC's \$3.23 billion hostile bid for Pillsbury Co. "There's just a huge amount of capital chasing

deals around," said Robert Carter, a managing director at First Boston, which recently merged with its sister company, Credit Suisse. "Corporations are typically strategic buyers and are fairly disciplined in their valuation of a company. LBO firms have pressure to make investments at this point."

Until this fall, when the latest flurry of takeover activity began, this year's record combination was a foreign takeover—Campeau Corporation's \$6.6 billion buyout of Federated

The technique's popularity is such that 'nothing is too big to be LBOed these days.'

Department Stores. In a sluggish retail environment last spring, the Canadian company sold off Federated assets, including Brooks Brothers, the conservative clothing boutique, to British retailer Marks & Spencer. Campeau then sold the Bullwinks and L. Magnin subsidiaries from Federated to R.H. Macy & Co. Inc. for \$1.1 billion.

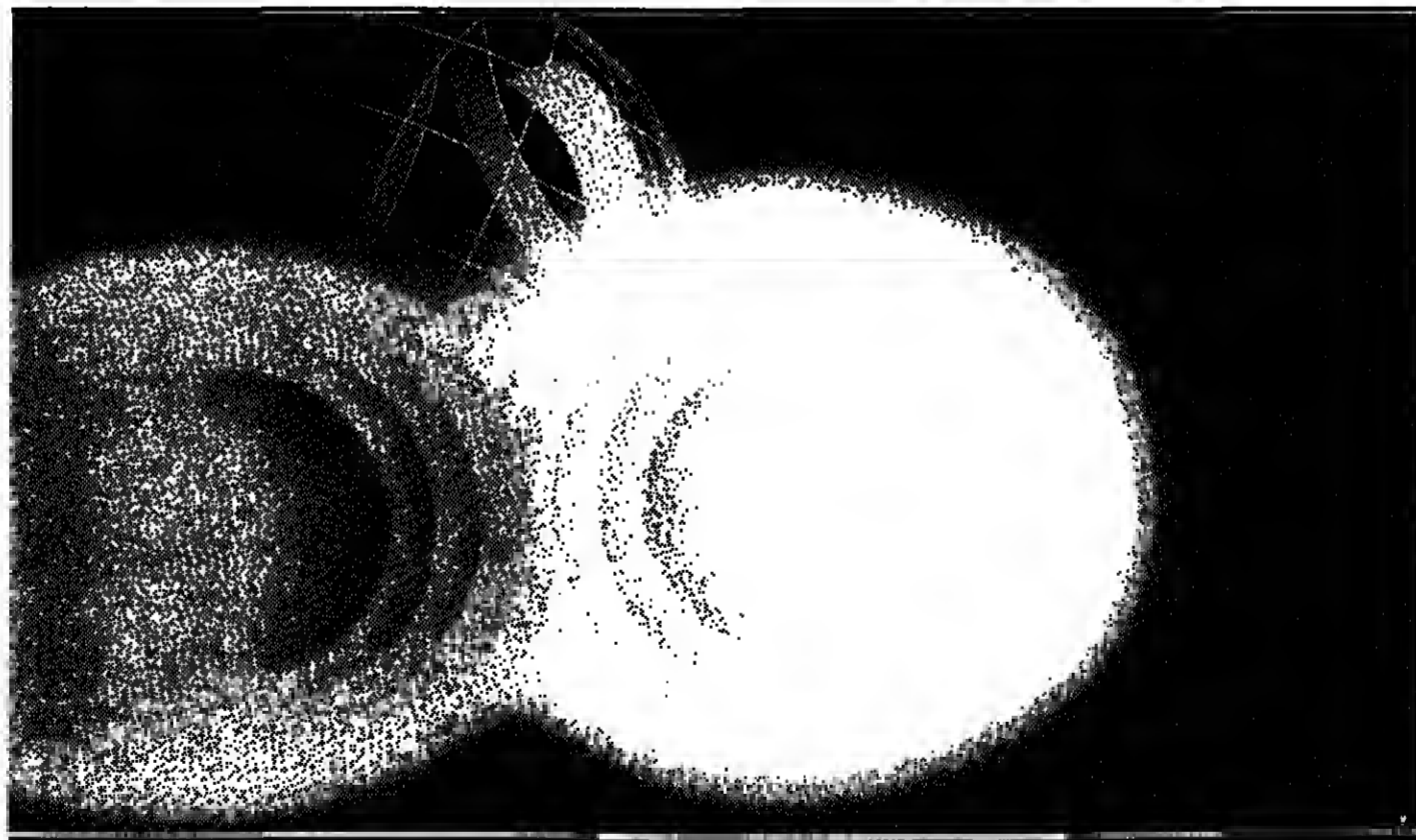
Foreign companies bought \$31.3 billion in U.S. corporate assets for the first half of the year through 151 acquisitions, more than double the dollar value and number of foreign buyouts for the same 1987 period, according to W.T. Grimm & Co., a Chicago-based firm which tracks merger data.

Reorganizations include Britain's BAT Industries PLC \$5.2 billion buyout of Farmers Group, the insurance firm; Rupert Murdoch's News Corporation's purchase of Walter Annenberg's Triangle Publishing Inc., the publisher of TV Guide, for \$3 billion; Mantrust, Indonesia's largest food processor, which bought out the company that makes Chicken of the Sea, the second largest U.S. canned tuna brand, and Japan's Bridgestone Corp.'s \$2.6 billion buyout of Firestone Tire & Rubber Co.

Merger specialists, however, do not expect yet

Continued on page II

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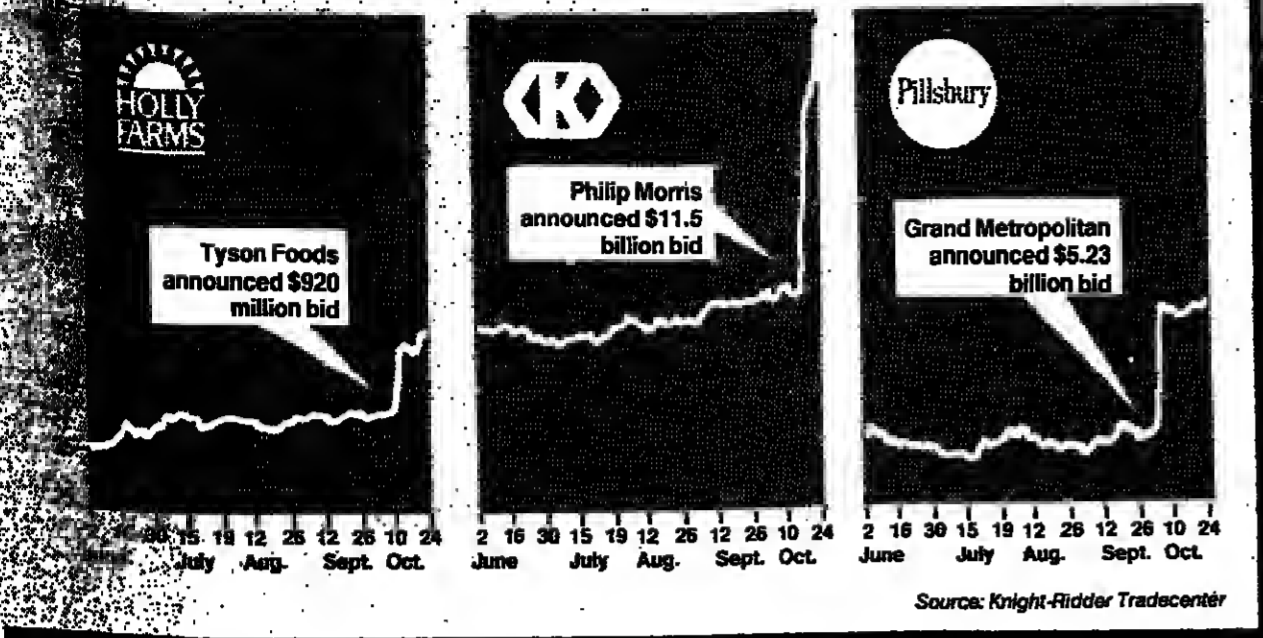
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Tracking the Stock of Takeover Targets

In a period of relative stability, the stocks of Holly Farms, Kraft and Pillsbury climbed dramatically after takeover attempts.



Source: Knight-Ridder Tradecenter

Takeover Bids Spur Speculation

By Anise C. Wallace

NEW YORK — The giant takeover offers this fall have touched off a burst of speculative fever on Wall Street. With many stocks already rising on merger rumors, analysts are scrutinizing hundreds more to identify tomorrow's targets. And brokers are calling clients with tips to encourage more trading.

"Brokers call and say, 'I hear this, I hear that, and you should look at this,'" said Neil J. Weisman, general partner of the Citicorp Capital Corporation, a New York money management firm that invests \$60 million for wealthy individuals. "That's all I'm hearing."

Of course, much of the chatter that passes for research proves to be mere gossip or speculation. But the huge takeover offers last month have heightened investors' awareness of the importance of corporate financial acquirers in a market that, since the crash, has lacked any clear direction.

RJR Nabisco's management announced Oct. 20 that it was considering a \$17 billion leveraged buyout. Several days later, Kohlberg, Kravis, Roberts & Company, Wall Street's leading buyout specialist, came up with a \$20.3 billion offer for the food and tobacco giant.

On Oct. 17, Philip Morris Cos. launched a \$11.5 billion cash tender offer for Kraft Inc. Meanwhile, Pillsbury rejected a \$5.23 billion bid from Grand Metropolitan.

Indeed, since Labor Day, the value of the 777 announced offers, some of which represent competing bids for the same company, has totaled \$81.9 billion, said I.D.D. Information Services in New York.

"It looks like a frenzy," said Steven A. Kroll, president of S.L.H. Asset Management, the \$30 billion investment management subsidiary of Shearson Lehman Hutton Inc.

The result is a market more and more driven by the prospect of a quick killing. Investors are less concerned with a company's long-term prospects than with the possibility of its becoming a target.

"If things were short-term oriented before, they are really short-term oriented now," said Linda S. Newman, president of Atlanta Capital, a New York firm that invests \$200 million for wealthy individuals.

Traders and market professionals say the heightened interest by experienced investors has not yet lured back many of the individuals who fled the stock market after it crashed last October.

Nonetheless, the speculative fever has become so pronounced that almost every big company in the United States is considered a possible target. Portfolio managers say that among those mentioned last month were companies as large as Ford, Chrysler, Sears, Roebuck and J.C. Penney.

The current issue of Financial World magazine even lists the potential breakup value of the 200 largest publicly traded corporations.

Recently, analysts at Bear, Stearns & Company, Merrill Lynch Capital Markets, Shearson Lehman Hutton Inc. and Dean Witter Reynolds have issued reports that provide their customers with the breakup value of companies in the food, energy and media industries. Over the past year, Dean Witter has required its securities analysts to include in all written

Top Ten Takeovers

Largest completed/pending acquisitions as of October 31, 1988, in billions of U.S. dollars

BUYER	SELLER	Billions of U.S. dollars
1. Kohlberg Kravis Roberts & Co.	RJR Nabisco	\$20.6
2. Philip Morris Cos.	Kraft Inc.	13.5
3. Campeau Corp.	Federated Department Stores	6.6
4. Grand Metropolitan PLC	Pillsbury Co.	5.23
5. R.A.T. Industries PLC	Campana Group Inc.	5.20
6. Eastman Kodak Co.	Sterling Drug	5.1
7. Management	Walden	3.90
8. Management	Hospital Corp. of America	3.61
9. Management	Fort Howard Corp.	3.55
10. American Home Products Co.	Ah Robins Co.	3.28

Source: Securities Analysts Inc.

Andy Sabatini/DTT

reports on companies an estimate of the price that a leveraged buyout fund would pay for the company.

As a result of all the attention that takeovers and buyouts are creating, the talk on Wall Street lately is rarely of a company's future corporate earnings or new products. Money managers on the receiving end of Wall Street's

stock value, we're delighted," said David N. Dreman, managing director of Dreman Value Management, which invests \$3 billion for institutional clients.

"I've been in this business for 20 years and my heart still stops when I get a Kraft," Mr. Kroll said.

Many on Wall Street expect the takeover surge to continue. In fact, they think it will spread to larger industrial concerns and cyclical companies. The leveraged buyout funds have an estimated pool of \$25 billion in commitments, and that sum can finance acquisitions worth a total of \$250 billion.

And, say analysts, companies will acquire other companies for strategic reasons or even as a defense against other acquirers.

"In trying to protect themselves from hostile forces, the well-known big companies are becoming the raiders," Ms. Newman said.

That, in turn, adds up to more large acquisitions, they say.

"I think we're on the verge of seeing more and more action and bigger and bigger deals," said Robert M. Raiff, managing director of research at Cyrus J. Lawrence Inc., who has spent the past several years recommending stocks of companies that he sees as ripe for acquisition.

Nevertheless, the frenzy worries some investors. They remember that after last year's crash many deals fell apart, leaving arbitrageurs and other takeover players with huge losses.

"Last year they took away a lot of profits," Mr. Weisman said. "You know this is an area where an accident is going to happen."

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Buyout Phenomenon Spreads

Continued from page I

to see leveraged buyouts driven exclusively by foreign investors.

"Foreign buyers aren't quite comfortable with the idea yet, partially because they don't want to be so close to management," said a merger expert at Shearson Lehman Brothers. "And from the seller's standpoint, not many management want to go into a partnership with a foreign buyer. LBOs operate on a very personal level."

Aside from the RJR Nabisco offer, Kohlberg Kravis has engineered several other large takeovers this year, including the \$1.8 billion management buyout of Kraft's Duracell unit, best known for its batteries. One unsuccessful bid was the \$2.61 billion offer for Macmillan Inc., the publishing company, which was backed by Drexel Burnham Lambert and designed to head off an earlier bid by the British publisher Robert Maxwell. However, Macmillan last week threw its support behind the Maxwell offer.

In the past 10 years, the firm has built up holdings with revenues rivaling General Electric's, and it has a total purchasing power close to \$50 billion, far above any of its rivals.

While Drexel remains a player in the takeover market, despite recent charges by the Securities and Exchange Commission of having violated securities laws, other well-known investment banks are carving out a niche in LBO financings.

Morgan Stanley, for example, completed a \$3.5 billion leveraged buyout with the management of a division of Mobil Corp., while smaller Wall Street boutiques are also seeking appropriate buyout candidates.

"It's very important to us that the company be in a growing industry," said Alberto Cribiore, a partner in Clayton & Dubilier Inc., a management buyout firm in New York. His firm acquired Kendall Co., a health care busi-

ness, from Colgate-Palmolive Co. in a \$960 million leveraged buyout this year.

"What attracted us to health care is that it is recession resistant," he said.

Although Wall Street leaders say the buyout phenomenon is great for their business, it is not without risk since buyouts can saddle companies with too much debt. If a recession comes,

they say, many of the companies could collapse if interest rates rise because of the amount of floating rate debt built into LBOs.

Other critics say that the buyout phenomenon is not building companies as much as manipulating finances by breaking up companies, selling off assets and laying off many workers in the process.

However, Mr. Cribiore disagrees. "I think we can create more risk-taking in a positive

'Foreign buyers aren't quite comfortable with the idea yet, partially because they don't want to be so close to management.'

ness," he said of the Kendall buyout. "There's an opportunity to enhance the entrepreneurial spirit within the company since management is there in the role as an investor alongside us. We have a vision of a larger company."

LINDA KESLAR is a financial journalist based in New York.

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Transnational Operations

EC Commission Tries to Draw Up Clearance Rules

British criticism has set the process back to square one.

By Jacques Neher

PARIS — With European companies increasingly trying to acquire firms in neighboring states, efforts to formulate a European Community merger-control regulation are gathering momentum in Brussels.

But while the EC is in agreement that rules are necessary to prevent cross-border mergers that would create concentrations likely to damage competition in the market, not all its members are happy with a recent proposal that seeks to accomplish that goal.

Though a draft proposal for EC merger-control rules was introduced in 1973, there was little action until last April, when the European Commission redrafted the proposal and sent it to the member states for reaction.

Of the 12 countries, only Britain reacted negatively, but the criticism was biting enough to set the process back to square one.

"The U.K. gave it a thumbs down, and everybody went away scratching their heads," said Vincent Thompson, head of European operations for Morgan Grenfell in London.

The British Treasury criticized the regulations, which would require prior approval from Brussels for most large mergers, as being out of step with the spirit of business. The British fear that the approval process, which would take at least two months, would have a chilling effect on large financial operations, particularly on the London market.

Under the amended proposal, all companies wishing to purchase another would have to apply to the EC for clearance — and wait a minimum of two months for that clearance — when the resulting entity was likely to take on a "community dimension."

The rules would apply to all operations, friendly, hostile, public, private, or even non-European.

A merger would have community dimension, according to the definition in the proposed rules, if its combined worldwide sales exceeded 1 billion ECUs and all parties in the transaction had sales within the EC of at least 100 million ECUs.

The 100 million ECU provision, a Commission staffer explained, "would prevent a big oil company from having to apply for clearance every time it buys a gas station."

For banks, these floors would apply to one-tenth of total assets, instead of sales. For insurance companies, the minimums would apply to premium income.

However, even if the proposed merger would create an entity surpassing these floors, it would be exempt from the prior approval requirement if each of the parties got more than 75 percent of their aggregate EC sales from activities within the same member state.

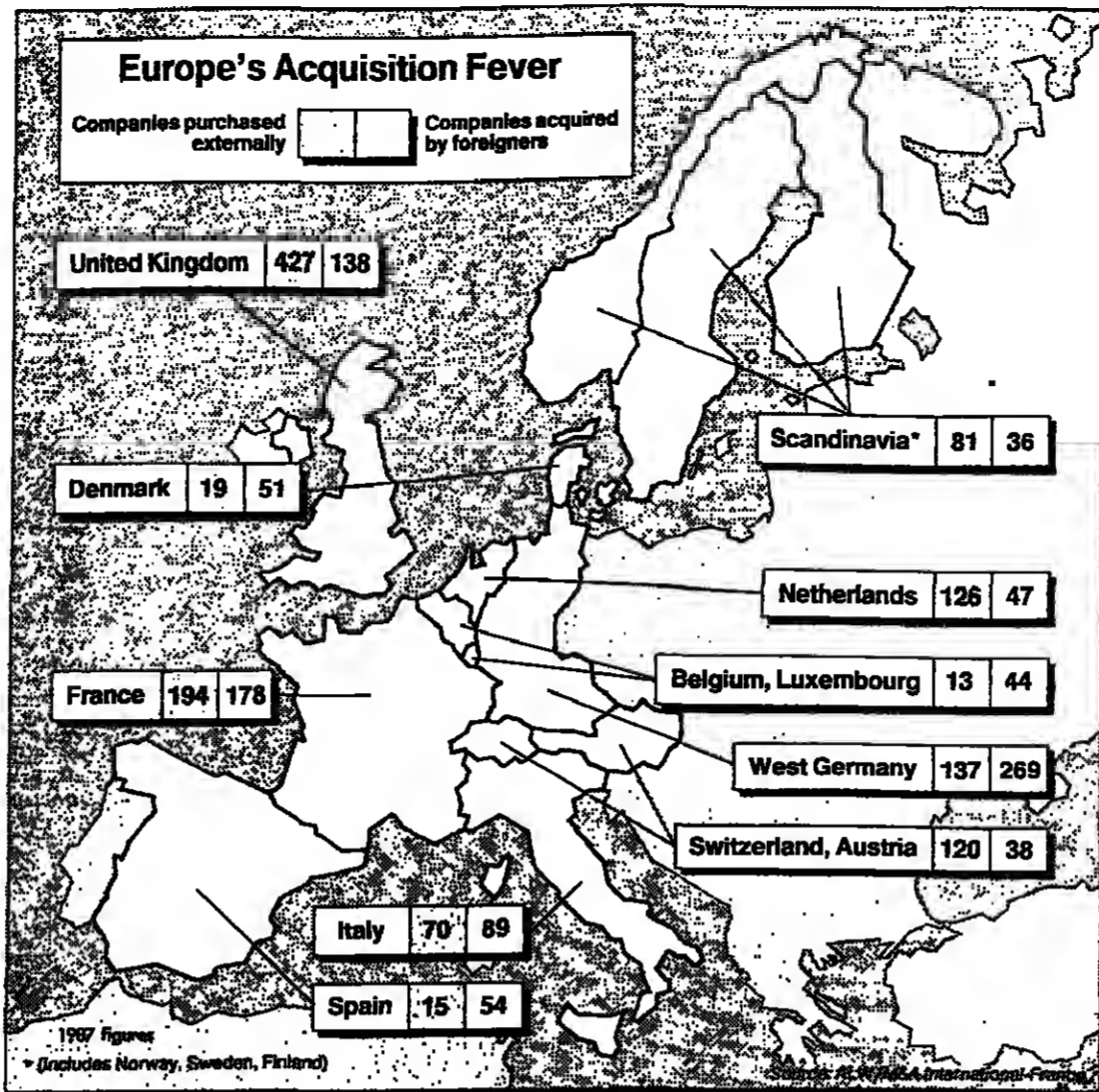
In the June 1986 to June 1987 period, the Commission counted 171 mergers that surpassed the minimum turnover levels called for in the draft regulations, though only a small portion of those also exhibited a community dimension.

For a large operation to win clearance from the EC, the company or companies seeking the merger would have to demonstrate that the resulting concentration was not incompatible with the EC.

Factors to be considered would include "market position of the undertakings concerned and to their economic and financial power; to opportunities available to suppliers and users; to access to supplies and markets; to the structure of the markets affected taking account of international competition; to legal and factual barriers in entry, and to supply and demand trends for the relevant goods or services."

UNDER the proposed rules, mergers resulting in market share concentrations of less than 25 percent in the EC would be approved unless an analysis of the above-mentioned factors led to the conclusion that the merger would still damage competition.

However, the rules could still permit mergers, otherwise snaggled on these definitions, when their "contribution to improving production and distribution, to promoting technical or economic progress or to improving the competi-



Low Dollar Helps Europeans in U.S.

PARIS — Transnational mergers and acquisitions have risen sharply throughout the Western world in the last year. And although most of the activity, in numbers of transactions and value, is still concentrated in the United States, Britain and France are making strides of their own.

In the first half of this year, the number of acquisitions involving a U.S. company rose 12 percent, to 1,031, over the same period of 1987, according to W.T. Grimm & Co., a Chicago-based consultant. The value of these deals soared 42 percent in the period, to \$129.4 billion.

The increase could be traced to the greater number of very large acquisitions. There were 195 deals valued over \$100 million, 29 more than in the year-earlier period. Transactions of \$1 billion or more rose to 30 from 17.

Prompted by a relatively low dollar, foreign companies during the period increased their acquisitions in the United States by 53 percent, to 151. The value of these deals jumped 86 percent, to \$31.3 billion. Leading the way were Britain, with 49 acquisitions for \$7.2 billion; Canada, 24 for \$10.8 billion; Japan, 21 for \$4.1 billion; and France, 12 for \$2.4 billion.

W.T. Grimm counts as an acquisition any deal involving an American company in which at least 10 percent of another company's stock is being purchased or in which the purchase price is likely to be at least \$10 million. Since purchase prices are not revealed in many cases, the total values calculated often cover a smaller number of transactions.

M&A activity involving British companies is also skyrocketing. In the first nine months of 1988, the magazine Acquisitions Monthly counted 283 purchases by British companies in the United States worth \$18 billion. In 1987, there were only 134 such purchases, totaling \$1.25 billion.

Deals by British companies in Europe through September rose to 168 and were worth £1.63 billion (\$2.87 billion). In 1987, according to the magazine, there were 95 such acquisitions, totaling £683 million.

In France, acquisitions in the first half jumped 53 percent, to 638, according to PF Publications, a Paris-based company that tracks deals through its ties to French banks. Of these, there were 30 takeovers launched on the stock market, compared to five in the first half of 1987.

In all of 1987, 915 deals involving French companies were valued at 165.8 billion francs (\$27.6 billion), almost triple the 1986 figure of 61.08 billion francs, according to PF Publications. A study focusing on transactions in-

volving smaller companies in Europe indicates that transnational deals within the continent last year increased faster than transactions involving a European and overseas party.

The study, by ALW/M&A International-France, a Paris-based mergers consultant, showed that transborder deals involving at least one European

Foreigners have increased acquisitions in the U.S. by 53 percent. The value of these deals amounted to \$31.3 billion.

party grew 23 percent over 1986, to 1,461. However, deals in which both parties were European increased 39 percent, to 731.

Though smaller in absolute number, Scandinavian, Italian and Dutch companies tallied the biggest percentage increases in cross-border acquisitions in Europe in 1987.

According to the study, transborder acquisitions by companies based in Norway, Sweden and Finland grew 93 percent, to 81; Italian companies' foreign acquisitions grew 63 percent, to 70; and purchases by firms based in the Netherlands rose 45 percent, to 126.

The survey, based on newspaper reports of deals involving a shift of majority control, indicates that in 1987, the countries making the most transnational acquisitions were Britain, 427; France, 194; United States and Canada, 167 (only with European sellers); West Germany, 137; Netherlands, 126; and Switzerland and Austria, together, 120.

The countries in which the most companies were acquired by foreign firms, according to the study, were the United States and Canada, 417 (only from European buyers); West Germany, 269; France, 178; and Britain, 138.

Jacques Neher

mission, which can then take another three to six months to ultimately rule.

The debate over EC merger regulations also involves a power struggle between member states and Brussels.

"The biggest problem is how to set up something sensible and practical without relegating all the power and responsibility to Brussels," said Mr. Thompson of Morgan Grenfell.

France, though not complaining directly, is also leary of the proposed regulations, according to Alain de Sechelles, a Paris attorney.

"What we fear is that the floor will be too low and prevent French companies from merging to obtain European stature, while in Germany this has already been achieved," Mr. de Sechelles said.

On the other hand, he said the poorer countries in the community — Italy, Spain, Greece and Portugal — welcome the low floors in the EC regulations because "that way those countries don't have to spend money controlling these deals themselves. They can just let the EC perform that function for them."

JACQUES NEHER, a journalist based in Paris, is a regular contributor to the International Herald Tribune.

tive structure within the Common Market outweighs the damage to competition."

This provision is similar to one found in Articles 85 and 86 of the Treaty of Rome, which give the Commission the power to punish companies that engage in abusive anti-competitive actions. However, the new provision goes a bit further by stating that "the competitiveness of the sectors concerned with regard to international competition shall be taken into account."

Though the Commission would be the judge in these cases, the proposed rules state that it would seek testimony from the parties concerned, from interested third parties and from authorities of member states. It would also seek a nonbinding opinion from an advisory committee on concentrations, to be made up of two officials from each state.

Britain's objections centered on the incompatibility of the proposed rules with the needs of business and the financial markets, particularly the time required to get a decision.

"The basic idea is a good one, but you need something quicker, something that recognizes the realities of the mar-

ketplace," said Bob Blower, an official with the British Bankers' Association. "Two months is a long time. The market can change a lot in two months, even one. What may seem like a good deal today may not seem so good tomorrow."

Companies launching stock market takeovers would be left in limbo — and at considerable risk — while Brussels was considering the case, say critics. Under the proposed rules, anyone attempting a takeover would not be able to exercise voting rights on the shares acquired until after approval was granted from the Commission. A negative decision could prove disastrous for investors.

Also complicating matters for investors and takeover players, the critics say, is the uncertainty of how the EC's rules and timetable would mesh with Britain's own process for controlling anti-competitive mergers.

Currently, large mergers involving a British company must be cleared by the Office of Fair Trading. The office, which normally rules within a month, can then recommend to the Department of Trade and Industry that the case be sent on to the Monopolies Com-

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Jockeying for Position ■ A Question of Size

In Merger Scramble, Companies Redraw Corporate Map of Europe

By Marybeth Nibley

LONDON — The corporate map of Europe is being redrawn. Companies vying for power have embarked on a mergers and acquisitions campaign so far-reaching that it is sweeping aside boundaries in what could become a significant peacetime realignment of Europe.

Momentum behind the campaign has gathered as businesses make strategic decisions in preparation for 1992, the year in which the European Community intends to lift the last barriers to trade among its 12 member countries. The result will be a single, unified area of more than 300 million consumers.

continual breakdown of the welfare state, which has increased the control exerted by markets rather than governments.

Perhaps the most potent force for the take-over boom was the stock market crash a year ago. To the acquisition-minded, it was a dream come true because it turned targets into bargains.

"What we're seeing is part of a process that will result in a consolidation within many industries throughout Europe," said Michael Hutchinson, corporate finance director at the London office of Yamachi International (Europe) Ltd.

He added that he believes there is a strong trend "towards some quite dramatic consolidation."

The effects will be more pronounced in some industries than in others, noted Christopher Moore, director of mergers and acquisitions at Robert Fleming & Company.

For instance, in manufacturing, where big companies traditionally have sought economies of scale by establishing international operations, the impact will not be as strong as in the services sector, Mr. Moore said.

Banking has been a fertile field for takeovers and alliances. Banking analysts say a growing number of small to mid-sized European banks are forming alliances with friendly institutions in a bid to ward off unwanted suitors.

Any banks that do not grid their defenses are vulnerable to attack by major banking groups eager to break into the retail and corporate banking market in the European Community. And big American and Japanese banks are expected to step up the battle for European preeminence.

An alliance announced in October between the Royal Bank of Scotland PLC and Spain's Banco Santander involved the exchange between the two banks of 2.5 percent of each other's equity. The cross-border shareholding is an example of the type of practice becoming

more common as regional banks attempt to maintain their independence while bolstering themselves for stiffer competition.

Elsewhere in the services sector, similar techniques are being applied.

In transactions concerning businesses that rely on creativity and the preservation of good employee morale, companies establishing European networks frequently have opted to set up joint ventures and alliances based on minority shareholdings instead of trying to take

leading Paris financial newspaper. The continuing development of commercial television and radio is expected to touch off skirmishes for Europe's airwaves.

The wave of takeovers, alliances and joint ventures in Europe has carried in firms from outside the EC. Companies from Australia, Japan, the United States and the European countries that are not members of the EC have been staking claims in the community.

For those accustomed to M&A practices in

only about 550 of the country's 2,500 public companies are quoted and less than half of those are traded actively. The rest of West Germany's companies, including many large groups, are held privately, often by families or affiliated firms and banks.

The story is true to differing extents elsewhere in the EC. It has been estimated that 70 percent of all the deals going on since the takeover tide rose in Europe involve uncontested bids between private companies valued at the equivalent of \$100 million or less.

Determining how much pure M&A activity really is occurring in Europe requires careful analysis. Research by Credit Suisse First Boston indicates that there is far less of it than generally assumed.

According to the firm's analysis, most of the recent spectacular takeovers involved at least one company, usually American, from outside the European Community. Most of the rest of the true mergers or acquisitions have involved British, not European, companies on one side.

As for intra-European transactions, most of them come under the headings of joint ventures or alliances and have typically been undertaken for defensive purposes. Such link-ups will prolong the current atmosphere that has prevailed in Europe, the firm contends.

Analysis by others using less precise definitions of what constitutes a merger has led to the description "Europe Inc." for the phenomenon of European companies banding together. One business consultancy found that more than 80 percent of West European chief executives planned cross-border mergers.

Financiers who specialize in handling mergers and acquisitions say most activity in Europe will be concentrated among private companies largely because they are the dominant forces in European economies. Also, many of these companies were launched after World War II and have reached the stage at which management succession has become a concern.

Reasons for the selling and buying of companies may be unique to individual countries. Capital gains tax changes scheduled to take effect in West Germany, for example, may encourage owners to unload holdings sooner rather than later under less favorable tax conditions.

Arranging deals involving private target companies can pose problems because normally there is less information with which to work. In addition, corporate customs can hinder predators as effectively as any of the poison pills or shark repellents used in the United States.

For example, labor and banking interests represented on supervisory boards of German corporations provide a formidable takeover deterrent as does the loyalty that board members of Dutch companies have been known to show toward existing management.

Complying with local takeover laws, legal procedures and tax and accounting rules compound the difficulties, said Trevor Swete, managing director at Dresdner Burnham Lambert International, adding that a diplomat's skills are needed to address the cultural differences.

All the peculiarities of the European scene are generating more work for the M&A specialists. Many London-based merchant banks have expanded their M&A divisions with the aim of attracting clients engaged in the corporate scramble to acquire, divest or refocus operations.

Colin Keer, a managing director of Bankers Trust Company and head of its London M&A operation, said the City of London has become the stronghold of Europe's M&A expertise.

"As a profession, it's absolutely centered in London because it's regarded as an Anglo-Saxon art," Mr. Keer said.

MARYBETH NIBLEY is a financial journalist based in London.

Momentum behind the campaign has gathered as businesses make strategic decisions in preparation for 1992.

100 percent control of another firm. The advertising industry in particular offers many examples of such arrangements in Europe.

Among the services industries undergoing transformation due to the M&A binge, the food and beverage business stands out. Some of the biggest European takeover deals have occurred in this area, such as the acquisition of Britain's Rowntree PLC for about \$4 billion by Nestlé S.A. of Switzerland.

Brand names of foods and drinks easily recognized throughout Europe have been involved in numerous takeovers and attempted ones.

Media and publishing also have figured in the takeover trend. Pearson PLC, the publisher of the Financial Times, came under pressure from the media megatele Rupert Murdoch, for instance. Meanwhile, Pearson augmented its European presence by buying Les Echos, a

the United States or Britain, the experience in Europe has proved educational and sometimes difficult.

In contrast with the United States and Britain, where corporate takeovers frequently involve hostilities, European deals more often have been friendly, observed Anthony Parry, director of the European mergers and acquisitions department at Hambros Bank Ltd.

A key characteristic that differentiates continental Europe from Britain and the United States is the comparatively small number of publicly held companies listed on stock exchanges.

There are more quoted companies in Britain than on all other European stock exchanges combined, Mr. Parry pointed out. Even in Europe's largest economy, West Germany,

Moves by Spanish Banks Underline Strategic Dangers

By Flammitta Rocco

MADRID — Take a country with a booming economy, a low inflation rate and a significant level of pent-up demand that can suddenly be satisfied after years of doing without, and what emerges is a fairly accurate thumbnail sketch of Spain today, where an expected 5 percent to 6 percent economic growth in 1988 will again top analysts' predictions and outpace growth rates in every other European state.

Give that economy, with a population of 39 million behind it, an entrée into the European Community. With the impending removal of the community's frontiers, which will allow the free movement of goods and capital, it becomes clear why the mergers and acquisitions business in Spain is a booming growth industry.

Spanish companies are frantically rearranging their corporate strategies in preparation for the day when they will have to sell to a free market of 300 million and defend themselves

from other, expansionary Europeans who will be doing the same after 1992.

Hardly a day passes in Madrid without the announcement of another corporate acquisition. These include Spanish banks buying smaller banks; French publishing houses and Swiss food companies snapping up Spanish manufacturers; Elf-Aquitaine and British Petroleum buying land to build gas stations throughout the country, and the giant Kuwait Investment Office gobbling everything that moves.

The craze for corporate acquisitions has reached such proportions that the Spanish economy now enjoys the third largest inflow of direct investment capital in the world, after the United States and Japan.

The logic behind these expansions makes perfect sense, in theory. Without sufficient critical mass, small or medium-sized companies will be unable to take advantage of economies of scale and survive profitably in the new world of pan-European competition. However, implementing this strategy will be far from easy, and it is likely that the route to

1992 in Spain will be littered with corporations that got it wrong.

Nowhere are the dangers and differing viewpoints clearer than in the banking sector, where a series of giant mergers and acquisitions earlier this year made newspaper headlines for weeks on end.

The government gave full marks to the merger announced in January between Banco de Bilbao and its Basque neighbor, Banco de Vizcaya. It was even happier at the later, and larger, merger of Banco Español de Crédito (Banesco) and Banco Central, now renamed Banco Español Central de Crédito, or BECC.

FINANCE MINISTER Carlos Solchaga and Mariano Rubio, governor of the Bank of Spain, had long been chivving Spain's leading banks to consider merging with their rivals. Prime Minister Felipe González described the BECC marriage as "probably the economic event of the century."

With assets of 5.5 trillion pesetas (\$50 billion), 4,200 branches, 35,000 employees and a 25 percent share of the domestic market,

BECC finally has the balance sheet, the government believes, to take on virtually anyone in Europe. The post-merger BECC is Europe's 30th largest bank, while the smaller Banco Bilbao-Vizcaya is 37th.

Yet many are convinced that the merging banks have made a serious error in combining entities that are similar rather than complementary, and that it will eventually cost them dearly in terms of a blurred corporate culture, lost market share and dwindling earnings.

The argument is that the case for larger units is far from proven, and that although a larger market share — especially in the high-margin retail business — holds obvious attractions, the additional problems of merging could far outweigh the theoretical advantages of potential economies of scale.

"What matters is efficiency and profitability, not size, and I can see no hard evidence that the mergers will necessarily produce more efficient banks," said a senior economist at Banco Atlantico, a subsidiary of the Bahraini Arab Banking Corp. and one of the most efficient smaller Spanish banks.

Banesco and Banco Central, contend oppo-

nents of the merger, will have to shut a lot of branches to avoid an unnecessary and unprofitable fight for the same Spanish retail peseta. In doing so, their market share may well slip.

There are many small Spanish towns in which Banco Central and Banesco are the only two bank branches open for business. Closure of one may well tempt another bank to expand into the same town.

The strongest criticism of the BECC merger is that it was a panic move by the two boards when rumors began surfacing in Madrid that they were being stalked by large overseas banks in search of Spanish retail business. The criticism is not without justification. When the merger was first announced, the greatest advantage stressed by the new board was the size of the new bank, not where it was going.

That is a far cry from the well-articulated strategy of some of Spain's smaller banks that have been carefully forging links with efficient banks elsewhere in Europe.

Good examples are Banco Hispano Americano's tie-ups with Commerzbank, Crédit Lyonnais and Banco di Roma, and Banco San-



Mario Conde, deputy chairman of BECC, Europe's 30th largest bank.

FLAMMETTA ROCCO is a contributing editor to Institutional Investor.

1988: Financing, Investing, Advising... European Merchant Banking

£73,500,000 Management Buy-In of the Bearings Division of RHP Group by United Precision Industries Ltd (a company formed by management) We structured, led and syndicated the financings, provided equity and underwrote the mezzanine debt for this transaction. London July 1988

U.S. \$150,000,000 Leveraged Buy-Out of GPG Inc. via connection with the purchase of Guinness Mahon Holdings etc. We structured and underwrote the LBO, provided financing, arranged syndication and acted as Security Agent and Agent. London July 1988

U.S. \$200,000,000 BNS Acquisition of the Company's U.S. Operations. We structured, arranged and underwrote this transaction and served as Security Agent for this transaction. New York July 1988

Lire 155,000,000,000 Management Buy-Out of the Rockwell-Rimoldi Group Initiative Industrial per Macchine da Cucire S.p.A. and Staged Limited (companies formed by management) We initiated, arranged and underwrote the equity, mezzanine and senior debt for this transaction and served as Security Trustee and Agent. Milan and London July 1988

FF 100,000,000 Acquisition and working capital financing of a wholly-owned subsidiary of Axel and Company to acquire the assets of Sciaky and Sietam Systemes. We structured and underwrote this transaction. Paris July 1988

Lire 84,500,000,000 Perini S.p.A. Group of Companies. We structured, arranged and underwrote this transaction and served as Security Agent and Agent. Milan August 1988

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صكنا من الأصل

EC Challenge ■ Internationalization

Competition Brings Rethinking of Global Strategies in Germany

By Edward Roby

FRANKFURT — Daimler-Benz AG, already West Germany's largest industrial company after three major acquisitions in the mid-1980s, now seems poised to swallow a decisive stake in the country's largest aerospace and armaments concern, Messerschmitt-Bölkow-Blom GmbH (MBB).

Two large regional central institutions in the savings bank sector are about to enter negotiations toward a 1990 merger that would create West Germany's second largest bank, with total assets of around \$130 billion.

And the No. 1-ranked Deutsche Bank AG, which has already collected an impressive stable of industrial holdings, including a 28.1 percent stake in Daimler, has developed an emergency plan to pump equity capital into Duisburg's venerable Klöckner trading company after the giant firm was rocked by losses of 600 million or 700 million Deutsche marks (\$553 million or \$412 million) from oil speculation.

The names of all these businesses are household words in West Germany, and their activities regularly make headlines because they so profoundly influence the country's economy. The Daimler chairman, Edward Reuter, commented in a mid-October television interview, for example, that his company alone—after its acquisitions three years ago of the Dornier GmbH aerospace group, MTU Motoren-und Turbinen-Union GmbH and the AEG AG electrical concern—generates 4 percent of West Germany's gross national product.

Little wonder that Wolfgang Kartt, president of the West German Cartel Office, issued a preemptive warning against the Daimler-MBB combination. Critics argue that it could lead to an uncontrollable military-industrial colossus. And some profess to have seen all this happen before—under National Socialism.

Mergers and acquisitions on such a grand scale have become routine in the United States and some other foreign countries. But they still make the Germans nervous, partly because the traditional backbone of the country's economy has been responsive, innovative and flexible family-owned businesses.

The increasingly international engagement of industry, and particularly the competitive challenge posed by the approach of the integration of the European Community market at the end of 1992, is slowly forcing business and political leaders to think in global terms.

Thus, mergers like those of Westdeutsche Landesbank Girozentrale (West LB) with Hessische Landesbank Girozentrale (Helaba) in the savings bank sector and Daimler-Benz with MBB in industry are being encouraged by government.

"We are in a massive international competi-

tion," said Mr. Reuter. "The international competition demands a certain size." Big as it is, Daimler-Benz is still only a third the size of General Motors. Indeed, only 52 West German companies made the Fortune list of billionaires in dollar turnover in 1986, compared with 297 U.S. businesses, 151 Japanese and 72 British.

EC authorities in Brussels who have drafted plans for a centralized cartel agency now seem to be promoting further concentration in some fields. Mr. Kartt has complained that the EC proposal appears so vague that it could turn into a "fig leaf for a spongy European industrial policy." That might foster social engineering schemes at the expense of healthy competition in a free market.

Cartel office statistics show that after a period of stagnation in the 1970s, a wave of mergers and acquisitions with significant impact on market control took off sharply in 1983 and has been rising relentlessly ever since. Last year alone, the antitrust agency dealt with a record 887 such major combinations.

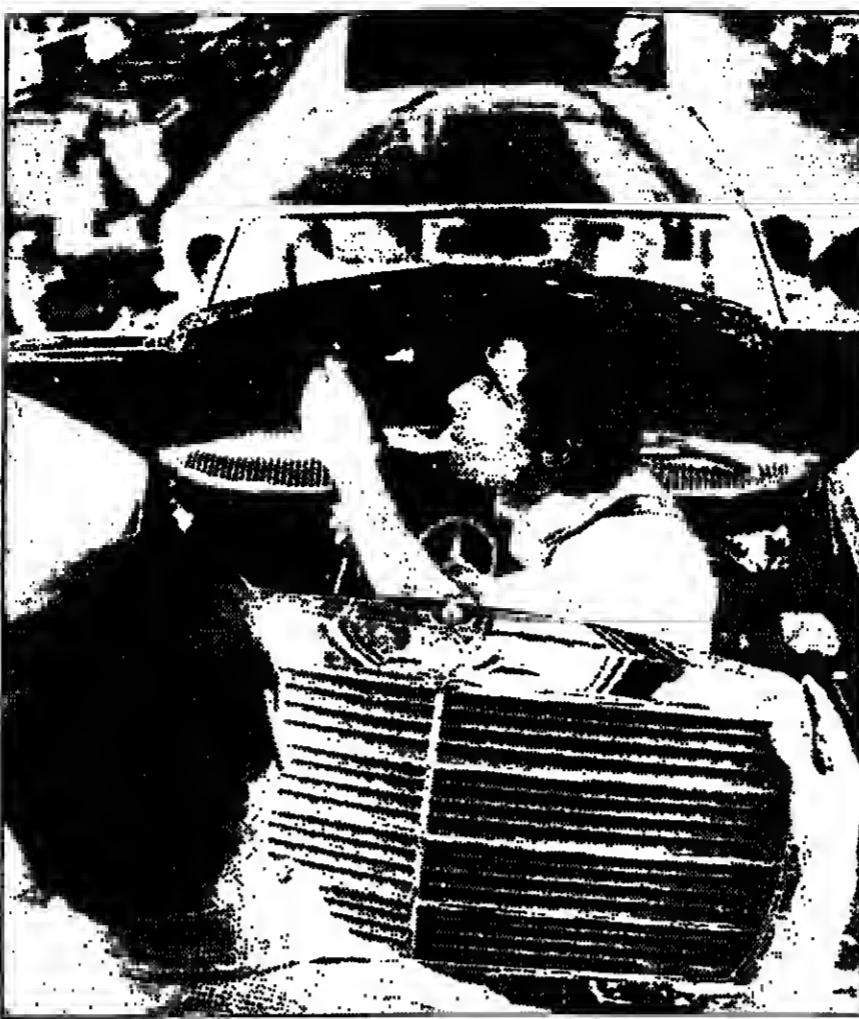
SEPARATE FIGURES from corporate acquisitions specialists and merger consultants suggest that the number of business fusions overall could be more than twice as high when small businesses and those with less than a 20 percent share of their market are included.

A key issue is whether such industrial concentration could reach a point that it might damage the market economy, hurt the consumer and threaten the survival of small- and medium-sized businesses. Industriekreditbank AG-Deutsche Industriebank (IKB) of Düsseldorf and Berlin, which finances mid-sized, family-owned businesses, examined the issue in a thorough study released at its annual press conference in September.

In general, said Siegfried C. Cassier, a general manager of the bank, the study was unable to detect a threat to the economy through concentration. While concentration in some branches such as food retailing, where the top 10 companies have captured a market share of 55 percent or more in recent years, has become an issue, the opposite trend is at work in other important sectors.

One reason for this is that the number of new businesses being formed, especially in the fast-growing services sector, soared in the period from 1978 to 1984, well outdistancing the number of business liquidations. Another factor is that established companies are continually divesting and spinning off certain of their businesses, even as their occasional acquisitions are making news.

It is significant that many of the most spectacular acquisitions of West German multinationals in the past few years have involved the purchase of foreign companies, particularly in the United States and the EC partner countries



Workers at a Mercedes-Benz factory in Stuttgart.

of France, Italy and Britain. A large number of these have come in the chemicals, automotive and electro-technical branches where there are strong international links.

Prominent examples are Siemens AG's purchase of Bendix Electronics, Hoechst AG's acquisition of Celanese and the takeover of Spain's Fiat by Volkswagen Werk AG. West German banks and insurers have also been on a buying spree in Europe, and produce retailers and traders have lately been getting into the act.

Direct U.S., British and French investment in German industry is nothing new. But statistics furnished by Wupper & Partner, merger and acquisition consultants in Hamburg, show that the Swiss and Swedes are now buying in search of EC bases.

IKB cited Monopoly Commission statistics showing that the weight of the 100 biggest German companies in the economy actually dipped slightly between 1978 and 1986 and that their participation in mergers and takeovers at home has remained static or decreased. While concentration increased in the automotive, printing, textile and precision mechanics branches, it decreased in steel, machinery, chemicals and electronics between 1977 and 1986.

"The figures, moreover, show that the lead-

ers among the major German companies have in no way been able to extend their positions," IKB concluded.

West Germany's list of top 100 companies includes few businesses engaged in services, which is the sector that generated disproportionately high growth in the first half of the 1980s. In no other sector are so many overwhelmingly small and medium-sized companies engaged.

About half of all new businesses starting up are in services. About 200,000 firms have shared the field since 1980, and 95 percent have a turnover of less than 1 million Deutsche marks a year.

IKB found that concentration is rising among small- and mid-sized businesses and in those branches where the level of concentration had been relatively low.

In general, it found that merger activity was strongest in growth branches and businesses with intensive research requirements. The study also revealed that competition between corporate dwarfs and giants in the same market was rare and that leeway for mid-sized companies was expanding in many fields.

EDWARD ROBY is the English-language editor of Vereinigte Wirtschaftsdienste GmbH, an economics news agency based in Frankfurt.

Japan Looks to U.S. In Bid to Gain Skills

Continued from page I

mergers resulting from the European Community's unification of its market in 1992.

Asia trails third as an M&A target for the Japanese. There were only 43 Japanese mergers and acquisitions in Asia last year, including the purchase by Ajinomoto, a food company, of the Asia division of America's CPC International for 50 billion yen (\$400 million). In the first nine months of this year, there were just 31 Asian mergers and acquisitions by Japanese companies.

Japanese manufacturing firms still prefer direct investment in the region. Mostly, they are after lower production costs which are best achieved by a greenfield start-up, or sales networks. There is little Asian technology that Japanese firms want to acquire.

The growth of Japanese service industries in the newly industrializing economies of Hong Kong, Singapore, South Korea and Taiwan may offer better prospects, financial analysts suggest. Retailers in particular may be forced to acquire assets, such as store sites in prime locations, through mergers and acquisitions.

However, only the Hong Kong and Singapore stock markets are open to foreign investors. There are limits on direct foreign participation in the Seoul and Taipei markets.

Japan's banks and securities houses are encouraging this latest boom of mergers and acquisitions because they see it as an opportunity to enter a growing fee-earning business.

Officials at Sanwa Bank say they expect Japanese mergers and acquisitions to double in value and volume over the next three years. Sanwa Bank, along with Mitsubishi Bank, is considered a leader among the commercial banks in a business that has been dominated by the securities companies or investment banks such as Industrial Bank of Japan.

be provided free as part of the banking relationship. The only way a Japanese bank could get a fee out of a deal was to use a foreign partner, which would charge the fee and then split it with the Japanese bank.

Japan's M&A teams are searching out deals at home as much as they are abroad. But the more aggressive attitude that Japanese businessmen are taking to mergers and acquisitions abroad is not yet being reflected in their mergers and acquisitions at home. The buying and selling of companies in Japan remains a consensual affair.

Japan has its own versions of arbitrageurs and greenmailers, but they are not liked by the business community as a whole. There has been quiet satisfaction that three of the most notorious greenmailers have gone bust this year.

The present takeover boom does not extend

The U.S. has the skills, products, technologies, markets and distribution networks that the Japanese want.

THE WEAKNESS of the new Japanese M&A teams, the bankers admit, is spotting potential targets. Not that they are not spoilt for choice. All Japanese M&A specialists have U.S. and European investment bankers lining up outside their doors with possible targets. The top foreign investment banks in Tokyo, such as First Boston and Morgan Stanley, keep full-time M&A teams in their local offices.

So, too, do some Japanese corporations. The Mitsubishi trading house is just one that has set up an in-house M&A department in the past year or so.

This is a further sign of how mergers and acquisitions is regaining acceptability among Japanese businessmen. Another is that banks with high reputations in mergers and acquisitions are winning business from outside their own industrial groups, something that was unimaginable in the past. Mitsubishi Bank, for example, is now extending its list of M&A clients beyond just the Mitsubishi group.

The banks are also finding that they can start to charge fees for mergers and acquisitions work. Until recently, bankers say, Japanese corporations expected M&A services to

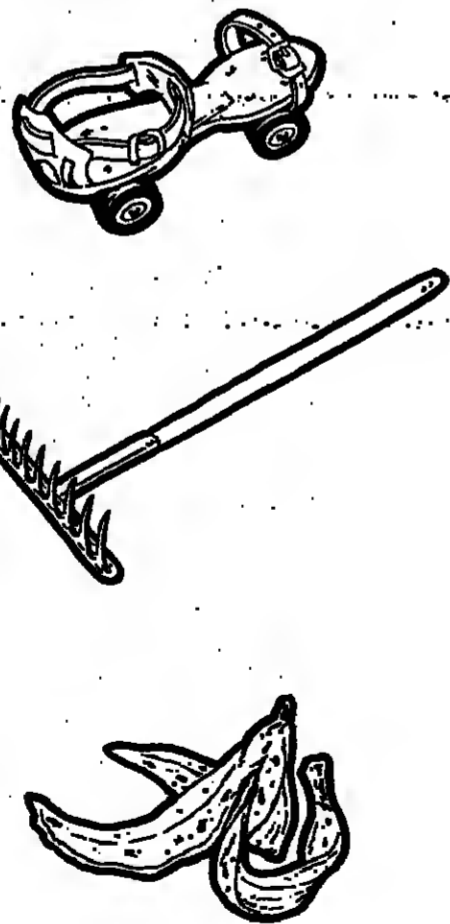
much to foreigners wanting to buy Japanese companies. Merck, an American chemicals firm which has managed to make a couple of small friendly acquisitions, is the exception rather than the rule.

Most M&A specialists reckon a hostile foreign takeover of a Japanese company is out of the question. In 1985, an attempted hostile takeover of Mineba Holdings, a ball-bearing company with a reputation for foreign takeovers itself, by a group of American investors was blocked by the Japanese business establishment closing ranks against the outsiders.

Apart from the cultural barriers, a foreign predator would have to disentangle a daunting web of corporate crossholdings through which many Japanese companies are controlled. They would also find it difficult to justify the potential return on their investment given Japan's high price-earnings ratios of Japanese companies shares.

PAUL MAIDMENT is The Economist's bureau chief in Tokyo.

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Nordic Firms Strengthening European Base

By Michael Metcalfe

COPENHAGEN — As a tide of mergers, cross-shareholdings and outright acquisitions sweeps the global corporate shoreline, Nordic companies are adopting strategies to ensure that they are not swamped.

Spurred by the competition within the European corporate sector as players jockey into position at the start of the race toward European Community market integration in 1992, Nordic concerns are forming strategic cross-border alliances of their own.

The pattern emerging from the acquisitive business strategies of firms in Sweden, Norway, Finland and Denmark appears to be a concerted thrust into Europe, with other areas of the world ranked as less pressing in immediate terms.

The reasons for this are twofold. First, the larger companies, such as Sweden's Volvo, ASEA, Brown Boveri, Electrolux and Ericsson, Norway's Norsk Data, Finland's Nokia and Denmark's Superfos, have already established a sound footing in markets such as North America, Latin America and the Far East.

Secondly, the dismantling of trade and finance barriers within the EC has accelerated the need to build up a more formidable presence in Western Europe.

"Like others in the Nordic area, Nokia has been investing substantially in the EC area," said Kari Kairamo, president of Finland's Nokia AB, recently.

Nokia — best known as a maker of mobile telecommunications equipment — became one of the

largest electronics companies in Europe when it acquired the data systems business of Sweden's Ericsson in January this year. The unit was merged with Nokia's existing data-processing operations to form Nokia Data, a subsidiary with annual sales of \$1.25 billion and a work force of 8,000.

The major Swedish conglomerates have also been in the forefront of those seizing the opportunity to expand their European presence through mergers and acquisitions.

In the 1970s and early 1980s, Volvo led the way in plans for cross-border cooperation and mergers. Through its plans to merge with Saab-Scania, Sweden's other motor giant, came to nothing, its fusion with the financial conglomerate Beijerinvest made it an international force.

In the mid-1980s, it was the Electrolux household appliances group's turn to grab the headlines with a stream of acquisitions, including Zanussi in Italy and White Consolidated of the United States, making it the world's largest white-goods producer.

Electrolux bought Zanussi in 1984, followed by the purchase of White Consolidated in 1986. These and other acquisitions helped to almost double group sales in the last four years. Sales grew 27 percent in 1987 alone to \$7.4 billion Swedish kronor (\$1.2 billion).

The acquisitions have also changed the geographical distribution of sales. Previously, the company's operations were centered on Scandinavia and some other northern European countries. Today, 36 percent of sales go to the EC, 26 percent to European Free



ASEA's robotics center in Vasterås, Sweden, the Western world's largest robot assembly plant, now part of ABB, following the ASEA merger with Brown Boveri.

Trade Area countries and 31 percent to North America.

In 1987, it was ASEA's turn. The merger with Switzerland's Brown, Boveri & Co. transformed the concern into the world's largest electrical engineering group, its annual turnover of some \$18.1 billion outstripping that of other sector giants, such as West Germany's Siemens, Japan's Hitachi and General Electric and Westinghouse of the United States.

Other Nordic companies have been quick to follow suit. The Norwegian metals group Elkem recently raised its holding position in the EC's aluminum industry. Elkem supplies about 85 percent of its annual aluminum production to the EC market.

Sweden's Svenska Cellulosa strengthened its position in the hygiene products sector by acquiring the leading French disposable diaper-maker, Pseudouche. The acquisition complements and reinforces the activities of its subsidiary Mölnlycke, the European market leader in hygiene products.

However, many of the companies, banks, insurers and other financial groups — particularly in Sweden and Norway and to a lesser extent Denmark and Finland — are finding the scope of their expansion severely restricted by legislation that either limits foreign holdings in the respective Nordic countries or curbs sectoral business activities.

This is hampering chances for creating larger pan-Nordic alliances encompassing wider diversification in the business and financial sectors to take on the European heavyweights.

This was highlighted recently when Swedish regulatory authorities dealt a blow to plans by Sweden's fourth-largest banking group, Gota, to link forces with

Finland's leading commercial bank, Kansallis-Osake-Pankki, KOP.

The proposed Gota/KOP partnership entailed a degree of cross-ownership through a new joint holding company.

Though the creation of a holding company does not require government permission, part of the complex transaction involved Gota taking over KOP's Stockholm subsidiary to augment its re-

vanguard of cross-border alliances in the Nordic financial arena.

There have been setbacks, however. Foreign participation in Norwegian financial service companies remains restricted to 15 percent. This helped to scotch plans by Sweden's largest insurance group, Skandia, to acquire a 25 percent holding in Vesta, Norway's second largest insurer.

Despite this, Skandia is also gearing up its cross-shareholding

Many financial groups find the scope for expansion restricted by legislation limiting foreign holdings.

tail branch network. Such a move requires Finance Ministry approval, and Sweden's Riksbank, the central bank, recommended against the move.

While the Swedish authorities are committed to liberalization in the financial and corporate spheres, the slow pace has sparked criticism by Swedish bankers and industrialists, who feel that the authorities are falling far behind in the race to full market integration within the EC by 1992.

Regulations still bar foreign-owned banking houses and other financial institutions from taking stakes in Swedish banks, but no such restrictions apply to insurance companies. This, in part, explains why Swedish and, to a lesser extent, other Nordic insurers — rather than banks — are in the

links with other insurers in the Nordic area as a prelude to creation of a pan-Nordic financial grouping with sights on expansion into mainland Europe.

Skandia International, a Skandia offshoot constituted independently since 1985 to deal mainly in reinsurance, has established a bridgehead in Europe by acquiring a 50 percent stake in Danish insurers Kgl Brand (Royal Charter), laying the groundwork for a further drive into other insurance-related areas, such as pensions and savings.

MICHAEL METCALFE, a journalist based in Copenhagen, is a correspondent for Business International.

Smaller Companies Join Italy's Takeover Boom

By Dalbert Hallenstein

ROME — Italy's takeover boom continues, though it has become less strident over the past year. In 1986-87, the mergers and acquisitions market was dominated by the frenzied activity of such giants as the Ferruzzi and De Benedetti Groups still flush with cash creamed off during the Milan stock market boom of 1985-86.

Over the past 12 months, although the stars have continued to buy and sell, the market has become more discreet as smaller companies elbow their way in to strengthen their position before the onslaught of foreign competition predicted after the European Community establishes a single internal market in 1992.

A major characteristic of this year's activity has been the virtual irrelevance of the Italian stock market as an instrument for either financing or mounting domestic takeovers.

According to Nomisma, a Bologna-based economic research center founded by Romano Prodi, president of IRI, Italy's huge state holding, fewer than 5 percent of mergers and acquisitions were effected through the Milan bourse.

This was not basically due to the relative inactivity of the Milan stock exchange over the past year, but, according to Giovanni Tamburi, vice president of Enromobiliari, to "basic structural defects." Enromobiliari is one of Italy's leading takeover intermediaries.

"The Italian Stock Exchange simply does not work," he said. "It is smaller even than Finland's and it is under the control of a tiny group of operators like De Benedetti, Gardini, Pirelli and Agnelli. For most mergers and acquisitions, it is irrelevant and nonexistent."

According to Nomisma, which since 1983 has maintained a data bank on Italian acquisitions, 75 percent of the companies taken over in Italy have fewer than 500 employees and 83 percent have an annual turnover of less than 100 billion lire (about \$74 million). Most of the companies acquired are, therefore, of medium size; 43 percent have between 100 and 500 employees.

Many of the buyers are large — 52 percent have more than 1,000 employees — but there is also a significant number of medium-sized companies with between 100 and 1,000 employees and a turnover from 100 billion lire to 500 billion lire.

Buyers, both large and small, almost exclusively merge with or acquire companies in the same or related sectors.

"The motives, or rather the excuse for the acquisitions," said Mr. Tamburi, "is 1992. Nobody wants to be a loser at this appointment and, because the firms are all healthy and full of money, with no problems of products or markets, they buy and buy, aiming at competitors, suppliers, clients."

"The fundamental motive is therefore strategic, aimed at strengthening themselves in their own markets or to enter other promising markets. The investments are real and not based on financial strategies."

Nomisma notes that, between 1983 and 1987, 24.5 percent of Italian takeovers were made by non-Italian companies, while almost the same percentage — 23 percent — of all Italian acquisitions were made abroad. The United States represents the largest group of foreign buyers of Italian companies, with 31.6 percent; followed by France, 14 percent; Brit-

ain, 9.2 percent; West Germany, 8.8 percent; Switzerland, 8 percent; Sweden, 7.2 percent, and the Netherlands, 5.6 percent.

The sectors most favored by both foreign and Italian buyers were food, consumer goods, chemicals, mechanical engineering, insurance, banking and related services. Italian banks have been particularly active recently in order to prepare for the foreign competition expected after 1992.

But restructuring is racing ahead in most other industrial sectors for the same reason. According to a recent Booz-Allen & Hamilton survey, in the heavy engineering sector, Fiat Finmeccanica, EFIM and ABB are currently in a complex exchange of industrial activities aimed at achieving critical mass in each of them.

Foreign groups have tried to exploit this process toward improved Italian industrial efficiency by such major maneuvers as the acquisition of 47 percent of Gucci by Saudi Arabia's Investcorp, the acquisition of 80 percent of Wax & Vitale by Guinness and the attempted takeover by Kraft of Parmalat.

Among the acquisitions made in Italy between May and August were:

- The acquisition of a 30 percent interest by the Spanish bank, Banco Santander, of the Istituto Bancario Italiano.
- A 13 trillion lire merger by the Bologna Savings Bank with the Florence Savings Bank.
- The acquisition for 969 billion lire by Fininvest (the Berlusconi Group) of the Standa retailing network from the Ferruzzi (Montedison) Group.
- The acquisition by the Italian "Management" Group of Rimoldi (Rockwell) sewing machines for 133 billion lire.
- The acquisition by the Swedish Svenska paper group of Italcarta, which produces paper and corrugated board, for 120 billion lire.
- The acquisition by the Swiss Winterthur insurance group of the Italian insurance company, Intercontinentale, for 500 billion lire.

One of the most significant foreign takeovers in the past 12 months was the sale of Britoni, which produces such products as processed food, by the De Benedetti Group to Nestlé for 1.8 trillion lire. This operation took place in the context of De Benedetti's massive Belgium-based mergers and acquisitions.

Italy has agreed to free capital flows by 1992, beginning the process by 1990. As present, the regulations for foreign or Italian buyers of Italian-based companies are almost nonexistent. The market is virtually free.

However, new regulatory legislation is planned. This includes the possibility of:

- Mandatory public offers for minority shareholders who intend to increase their ownership beyond 30 percent within 12 months. There will be no such requirement for shareholders with more than a 50 percent holding.
- Antitrust regulations applying to all mergers and acquisitions with an Italian market share of more than 40 percent.
- Tough insider trading rules involving heavy fines and imprisonment of up to one year for transgressors.

DALBERT HALLENSTEIN is a Milan-based journalist who contributes to The Sunday Times of London.

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August 1988

Dutch May Ease Anti-Takeover Mechanisms

By Ronald van de Krol

AMSTERDAM — After months of lively and heated debate, the Netherlands is close to answering a question that has dominated the country's capital market throughout 1988 — should Dutch companies be required to give up some of their anti-takeover devices, making them potential targets for corporate raiders?

The debate began in the summer of 1987 when Elsevier NV, the Dutch publishing group, launched a surprise hostile bid for a fellow publisher, Kluwer NV, that sparked one of the few unfriendly takeover battles ever seen in the Netherlands.

Elsevier, faced with an array of anti-takeover mechanisms, lost the fight for Kluwer, which later merged with a "white knight," Wolters Saunson Group NV, form the Netherlands's second-largest publishing group.

But the struggle was not entirely in vain, for it moved the question of takeover bids to the top of the Dutch financial agenda and spurred the Amsterdam Stock Exchange, a long-standing critic of the cocoons of protection that swathe many Dutch companies, to formulate proposals for limiting the amount of permissible protection.

The proposals, in a report published in March, proved controversial. They drew such opposition that the bourse was forced to retract its original plan to issue detailed measures on July 1.

The main question now is whether the bourse will withdraw any of its proposals in the face of the opposition and, if so, which ones.

The plan is complex but boils down to this: companies should be allowed to have only one permanent anti-takeover mechanism in place and be permitted to resort to only one temporary anti-takeover device if faced with a bid. These measures would apply to newcomers to the bourse starting in 1989, while companies that are already listed on the exchange would have until 1991 to comply.

In its report, the exchange said it had formulated the proposed new rules to create greater clarity about what kinds of defenses are permissible.

"It is not for the stock exchange to concern itself with the merits of takeovers as such," it said.

Generally, companies defend themselves tooth and nail against hostile takeover bids. A favorite "temporary" defense against a bid is for the target company to make a large and hasty issue of preferred stock and place it in the hands of a foundation controlled by the company.

This move dilutes the voting power of a company's ordinary stock, which is the only class of stock that a bidder can effectively hope to win outright.

Or large Dutch companies may choose to take the legal form of a *structurevervalschap*, which concentrates power in the supervisory and management boards and strips shareholders of any concrete power to influence policy or board-level appointments.

Under the bourse proposals, companies would no longer be allowed to make an issue of preferred stock if this represents more than 50 percent of outstanding common stock and if shareholders have not given their express permission for the defensive move.

At the same time, the foundations with control of the preferred stock may no longer describe their function as that of "maintaining the identity of the company" — a euphemism for rejecting any takeover attempt. Instead, they must serve "to promote the interests of the company and all those involved with it," meaning that shareholders' and employees' interests should be considered as well as management's.

In essence, the debate centers on the question of shareholder rights and whether the threat of a friendly takeover is a useful way of keeping management on its toes.

The Dutch Shareholders' Association, an organiza-

tion representing the interests of smaller investors as well as of powerful Dutch institutional investors, is one of the few key groups to back the bourse.

"Takeover defenses should be used as a way of creating time to consider a bid," said Luc Burlage, the association's deputy secretary. "They shouldn't be used to ensure in advance that a bid will be doomed to fail."

However, apart from the shareholders' association and a handful of individual bankers and businessmen, the stock exchange has few public supporters in the debate. The country's two main employer organizations, as well as the Netherlands Trade Union Federation, have all come out firmly against the plan.

"There is unprecedented unity between employers' groups and trade unions on this issue," said Evert Elbertse, economic affairs secretary at the VNO, the largest of the two employer associations.

The VNO believes that limiting corporate defenses — and thereby increasing the likelihood of unfriendly takeover attempts in Dutch industry — will bring about few, if any, positive benefits for the economy.

RONALD VAN DE KROL is a journalist based in Amsterdam.

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Colgate-Palmolive Company
has sold

The Kendall Company
to a new company formed by

Clayton & Dubilier, Inc.

The undersigned acted as financial advisor to Colgate-Palmolive Company in this transaction.

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November 10, 1988

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ECONOMIC SCENE

Markets Quail at Thought Of Little Change by Bush

By LEONARD SILK

NEW YORK — Considering how Wall Street had rooted for George Bush's election, its reaction to his victory was hardly celebratory.

It may be that Wall Street is just waking up to the realization that nothing much has changed.

Until Mr. Bush shows he will deal with the deficit forthrightly, markets will be nervous.

Other economic matters need Mr. Bush's early attention, such as the danger that the Canada-United States free-trade agreement, in which President Ronald Reagan sets great store, may be falling apart.

But the cardinal debt problem Mr. Bush can no longer evade as he did through the campaign is the mounting public debt, which was \$1 trillion eight years ago and is now approaching \$3 trillion.

UNTIL THERE is clearer evidence that Mr. Bush means to deal with the budget deficit forthrightly, now and in the next few years, the markets will continue to be nervous and prone to suffer periodic sinking spells.

The markets, both in the United States and abroad, are anxious about the effect of continuing budget deficits on the U.S. trade and current-account deficits.

High U.S. interest rates discourage American investment in plant and equipment, weakening national growth, threatening living standards and spreading anxiety in the securities markets.

Some of Mr. Bush's advisers, especially Martin S. Feldstein of Harvard University and a former chairman of the President's Council of Economic Advisers, have taken the position that there is no point in trying to defend the value of the dollar; it should be allowed to fall, to remedy the trade deficit.

In fact, the three policies are tied together. In the absence of clear guidance from the newly elected president, the markets are likely to continue marking down the dollar.

Currency Rates

Table with columns for currency, bid, ask, and other market data.

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Norway's Saga Rebuffs Elf Aquitaine's Advances

OSLO — Elf Aquitaine, France's state oil company, has offered to take over beleaguered Saga Petroleum A/S through its Norwegian unit but Saga has refused, the company said Friday.

GTE Sets Increased Job Cuts 14,000 Positions To Go by 1992

NORWALK, Connecticut — GTE Corp. has announced plans for additional job cuts in its domestic telephone operations, raising the total number of positions it expects to eliminate to 14,000 over the next five years.

Textile Leader Weaves New Course Japanese Apparel Firm Adjusts to Changing Patterns

TOKYO — When Japanese knitwear manufacturers petitioned the Finance Ministry for protection against South Korean imports a few weeks ago, the irony of the event, which was a first in Japanese industrial history, was not lost on Masayuki Okumura.

The Borrowing of Corporate America

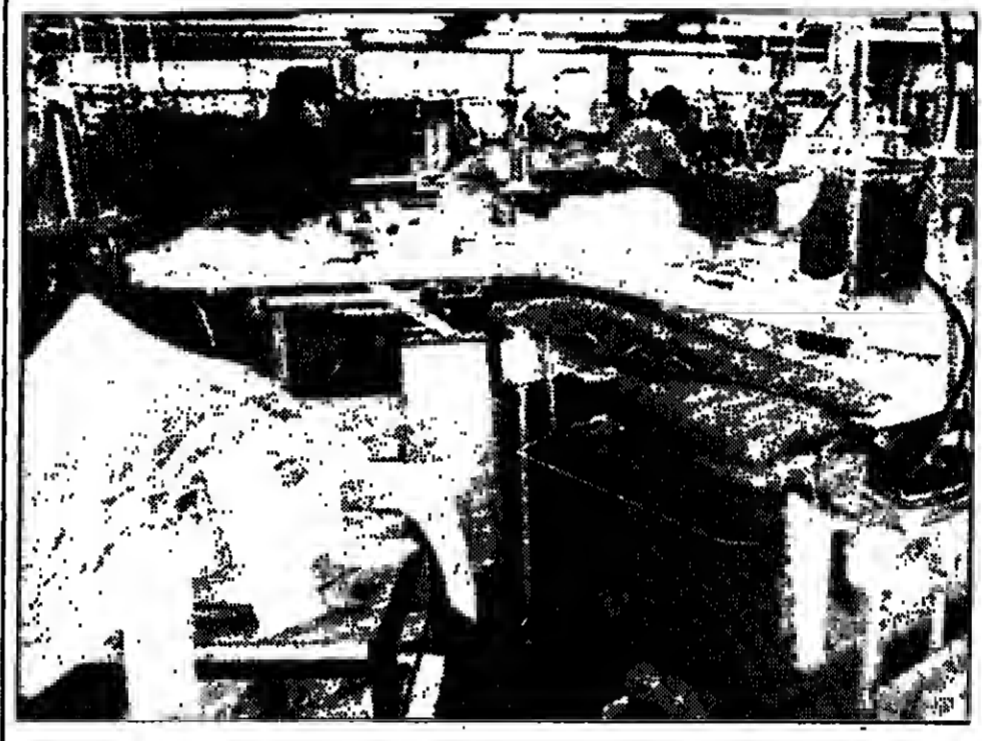
NEW YORK — The recent wave of takeovers, leveraged buyouts and corporate restructurings has highlighted the growing importance of borrowed money to corporate America.

Britain Delays Privatization Of Savings Bank

LONDON — The British government said Friday it was delaying the privatization of its Post Office savings bank because no suitable bidder had emerged.

Pernod Wins a Round In Irish Distillers Fight

DUBLIN — The French beverage concern Pernod Beverages SA won the latest round in a six-month battle for the whiskey maker Irish Distillers Group PLC on Friday.



Workers at one of the production facilities of Renown Inc., the largest apparel maker in Japan.

Generale Owners Confront the Sprawling Giant

BRUSSELS — The new owners of Belgium's biggest company, Societe Generale de Belgique, this week took the first steps toward streamlining the sprawling conglomerate.

World Bank Loan Indicates Progress in Poland

WASHINGTON — The World Bank is lending a Polish farm cooperative \$17.9 million to help it export produce to Western Europe, indicating tentative approval by the 151-country organization of Poland's economic reforms.

Gold

Table with columns for gold price, bid, ask, and other market data.

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debated on child abuse

in Worth:
successful
from the first
he new Power
ter of a
commitment in
ers' success.

U.S. Futures
Via The Associated Press
Nov. 11
Section: Season High Low Open High Low Close Chg.

Grains
WHEAT (CBT)
1,000 bushels - dollars per bushel
Nov. 11 11.25 11.25 11.25 11.25 11.25 11.25

Livestock
CATTLE (CBT)
100 lbs. - cents per lb.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Currency Options
PHILADELPHIA EXCHANGE
Nov. 11
Underlying Price Cents Last Post-Last

FEEDER CATTLE (CBT)
4,000 lbs. - cents per lb.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

COFFEE (NYMEX)
100 lbs. - cents per lb.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Metals
COPPER (COMEX)
100 lbs. - cents per lb.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Financial
U.S. T. BILLS (HMM)
\$1 million - % of 100 pct.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

U.S. TREASURY BONDS (CBT)
MUNICIPAL BONDS (CBT)
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Metals
GOLD (COMEX)
100 oz. - dollars per oz.
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Stock Indexes
SP. COMP. INDEX (CBT)
points and cents
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Commodity Indexes
MOODY'S
Nov. 11 112.50 112.50 112.50 112.50 112.50 112.50

Electrolux Buys Lawnmower Firm
Compiled by Our Staff From Despatches
STOCKHOLM — Electrolux AB said Friday that it had agreed to buy the garden products business of Roper Corp., a GE subsidiary, for \$295 million, only five months after Electrolux backed out of a bidding contest for another U.S. lawnmower maker.

RENOWN: Leading Japanese Apparel Maker Fights Changing Patterns
(Continued from first finance page)
clothing than ever before and looking for more fashion in what they bought than most companies were capable of providing.

As with many Japanese companies, Renown's first response to the turmoil in its industry was to develop a lopsided dependence on 'money technology,' as portfolio investment by industrial concerns is known.

Dividends
Company Per Amt Pay Rec
Nov. 11

London Metals
ALUMINUM (LONDON)
Starting price metric ton
Nov. 11

London Commodities
Nov. 11
Close Previous

SmithKline Stops Ulcer Drug Tests
NEW YORK — SmithKline Beckman Corp. said Friday that it has discontinued clinical trials on a new ulcer drug that it was developing under an agreement with Bristol-Myers Co.

Spot Commodities
Nov. 11
Commodity Today Prev.

DM Futures Options
Nov. 11
Strike Calls Puts

U.S. Treasuries
Nov. 11
Maturity Yield

CS-Money Market Service plus
Now is the time to opt for a secure and liquid investment
CS MONEY MARKET FUNDS
Investment funds under Luxembourg law

DES-BENZ
cial vehicles

Elders Defends Share Purchase In U.K. Brewer
LONDON — Elders IXL Ltd., the Australian brewing and agribusiness concern, defended on Friday as proper its purchase of shares in Scottish & Newcastle Breweries PLC on Thursday.

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Investment funds under Luxembourg law

Friday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
7 1/2	7 1/8	AA			7 1/8	7 1/8	
7 1/2	7 1/8	AA			7 1/8	7 1/8	
7 1/2	7 1/8	AA			7 1/8	7 1/8	
7 1/2	7 1/8	AA			7 1/8	7 1/8	
7 1/2	7 1/8	AA			7 1/8	7 1/8	

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
11 1/2	11 1/8	AA			11 1/8	11 1/8	
11 1/2	11 1/8	AA			11 1/8	11 1/8	
11 1/2	11 1/8	AA			11 1/8	11 1/8	
11 1/2	11 1/8	AA			11 1/8	11 1/8	
11 1/2	11 1/8	AA			11 1/8	11 1/8	

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
15 1/2	15 1/8	AA			15 1/8	15 1/8	
15 1/2	15 1/8	AA			15 1/8	15 1/8	
15 1/2	15 1/8	AA			15 1/8	15 1/8	
15 1/2	15 1/8	AA			15 1/8	15 1/8	
15 1/2	15 1/8	AA			15 1/8	15 1/8	

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
19 1/2	19 1/8	AA			19 1/8	19 1/8	
19 1/2	19 1/8	AA			19 1/8	19 1/8	
19 1/2	19 1/8	AA			19 1/8	19 1/8	
19 1/2	19 1/8	AA			19 1/8	19 1/8	
19 1/2	19 1/8	AA			19 1/8	19 1/8	

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
23 1/2	23 1/8	AA			23 1/8	23 1/8	
23 1/2	23 1/8	AA			23 1/8	23 1/8	
23 1/2	23 1/8	AA			23 1/8	23 1/8	
23 1/2	23 1/8	AA			23 1/8	23 1/8	
23 1/2	23 1/8	AA			23 1/8	23 1/8	

12 Month High	Low	Stock	Div. Yld.	PE	52 High	Low	Change
27 1/2	27 1/8	AA			27 1/8	27 1/8	
27 1/2	27 1/8	AA			27 1/8	27 1/8	
27 1/2	27 1/8	AA			27 1/8	27 1/8	
27 1/2	27 1/8	AA			27 1/8	27 1/8	
27 1/2	27 1/8	AA			27 1/8	27 1/8	

Chrysler Shuffles Top Management

By Richard Levin
New York Times Service

NEW YORK — Chrysler Corp. has shuffled its top management in what appears to be a tightening and clarification of executive duties. The change, announced Thursday, will consolidate Gerald Greenwald's position as likely successor to Lee A. Iacocca as chief executive of Chrysler.

The third-largest U.S. automaker said in a prepared statement that the changes were made "to more clearly define responsibilities and accountability for all company operations."

In the last two years, Chrysler has suffered some highly publicized, embarrassing confrontations with law enforcement agencies, state governments and the United Automobile Workers union that have suggested a lack of management coordination.

Mr. Greenwald, 53, who had been chairman of the Chrysler Motors automotive subsidiary, the corporation's main business, will join Mr. Iacocca, 64, in a new two-man office of the chairman.

The automotive subsidiary, as well as Chrysler's finance company and its research and technology unit, will report to that office.

Reporting separately to Mr. Greenwald will be Chrysler's Acustar parts subsidiary, the international operations and the finance operations.

Reporting to Mr. Iacocca will be the corporation's planning and external affairs executives, as well as the personnel and organization offices.

Chrysler also scrapped its five-man corporate executive committee, consisting of Mr. Iacocca and Mr. Greenwald, Robert S. Miller Jr., Robert A. Lutz and Bennett E. Bidwell.

That panel was replaced with a corporate policy committee, consisting of Mr. Iacocca, Mr. Greenwald and Mr. Miller. All five worked at Ford Motor Co. in the 1970s.

The move appears to put corporate and strategic issues into the hands of fewer executives. The responsibilities of Mr. Lutz, 56, and Mr. Bidwell, 61, will be more narrowly focused on automotive concerns.

Mr. Miller, 47, who was vice chairman and chief financial officer in the previous configuration, was named executive vice president. He remains chief financial officer.

In June 1987, Chrysler was indicted by a federal grand jury in St. Louis, Missouri, which charged that some department heads had been allowed to drive more than 60,000 vehicles with disconnected odometers from July 1985 to January 1987. Chrysler later settled the charges for \$16 million.

At the time, Mr. Iacocca was quoted as saying the incident was "dumb." An attempt to sell some damaged cars as new ones "went beyond dumb and reached all the way out to stupid," he added.

In late 1987, an attempt to sell the Acustar parts unit met with union resistance. The company then broke off negotiations to sell Acustar in order to reach a labor agreement with the UAW.

Early this year, Chrysler announced that it would close a former American Motors assembly plant in Kenosha, Wisconsin, cutting 5,500 jobs.

Chrysler eventually set up a fund for the workers after the UAW threatened a work stoppage and the state of Wisconsin raised the possibility of a lawsuit contending that the company was breaching a promise not to close the plant.

Join the circle.

Rare Scotch Whisky

Floating-Rate Notes

Issuer/Note	Company	Rate	Term	Yield
Abbey 9/15/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 9/22/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 9/29/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 10/6/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 10/13/88	Abbey	8 1/2%	30 days	8 1/2%

Deutsche Marks

Issuer/Note	Company	Rate	Term	Yield
Abbey 9/15/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 9/22/88	Abbey	8 1/2%	30 days	8 1/2%
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Abbey 10/13/88	Abbey	8 1/2%	30 days	8 1/2%

Japanese Yen

Issuer/Note	Company	Rate	Term	Yield
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Abbey 9/22/88	Abbey	8 1/2%	30 days	8 1/2%
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Abbey 10/6/88	Abbey	8 1/2%	30 days	8 1/2%
Abbey 10/13/88	Abbey	8 1/2%	30 days	8 1/2%

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CURRENCY MARKETS

DOLLAR: Currency Plummets Despite Intervention

(Continued from Page 1)

...by the Federal Reserve Board to support the currency.

"A statement of official government policy is very badly needed now," said Frank Watson of the Swiss Bank Corp.

Harris A. Markas of Citibank added, "There is a panic in the market that if we don't see some statement from the administration on its intentions, we will go lower."

In Tokyo, the Bank of Japan was reported to have bought about \$400 million to support the U.S. currency after it sank to a low of 223.63 yen, its lowest level in Japan since Jan. 4.

The Japanese central bank later bought about \$100 million in after-hours Tokyo trading and in Singapore, dealers said.

The Bank of England also intervened on the foreign exchange market in London, buying dollars for yen apparently on behalf of the Bank of Japan, dealers said.

The British central bank declined to comment, but dealers said it bought dollars at about 122.75 yen. The Japanese vice finance minister, Akira Nishigaki, said Japan

London Dollar Rates

Table with columns for Currency, Bid, Ask, and Spread. Includes entries for Deutsche mark, French franc, Japanese yen, Swiss franc, and British pound.

The dollar gained half a pfennig and half a yen in European trading after the Bundesbank intervened.

In London, the dollar closed at 122.695 yen, down from 124.120 yen Thursday, and at 1.7345 DM.

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...ended at \$1.8158, up from \$1.7965 Thursday.

Some traders said the fact that Mr. Bush had not announced that Nicholas F. Brady would remain Treasury secretary caused concern in the market.

Mr. Brady was expected to retain the post that he holds in the current Reagan administration.

"The president-elect could move with his appointments to reaffirm the spirit of cooperation in the G-7," said Neal M. Soss, an economist at the First Boston Corp.

The Group of Seven leading industrial nations are Britain, Canada, France, Italy, Japan, the United States and West Germany.

Mr. Soss also said traders would be closely examining budget proposals developed during the transition period before the inauguration of Mr. Bush on Jan. 20.

The transition period between U.S. administrations, when policy lines between the old and new teams can become murky, could also be a convenient time to let the dollar fall to help reduce the U.S. trade deficit, some analysts said.

(NYT, AP, Reuters, AFP)

Norway Central Bank Acts To Stem Run on the Krone

OSLO—The Norwegian central bank on Friday bought substantial amounts of kroner and sold various currencies for the second straight day to support the currency, dealers said.

The kroner has been under downward pressure from falling North Sea oil revenue, and from a narrowing of its favorable interest rate differential with other currencies.

The central bank declined to comment on the reported buying of kroner, but a spokesman said it agreed to extend interbank currency trading by an hour and a half because of large volume. Dealers said that the central bank sold U.S. dollars and European currencies.

Swedish banks were active in selling the kroner, and were joined by substantial selling from Denmark and Switzerland, they said. By mid-afternoon, the kroner had weakened in its trade-weighted basket of 14 currencies to 113.66, after opening at 113.32.

The central bank is committed to defending the kroner within a five-point range, from 109.50 to 114.50.

On Friday in London, the British pound closed at 11.9015 kroner, up from 11.8143 on Thursday.

Dealers in Oslo said pressure on the kroner had come partly from pessimism about Norway's economic situation, which has been affected by low prices for its North Sea oil.

But the kroner also has lost some of its high interest rate allure. The return on kroner investments has dropped in relation to other currencies since the central bank cut its key overnight lending rate last month to 12.4 percent from 12.8 percent. The cut was the third this year, for a total reduction of 1.4 percentage points.

"The Fed may have to tighten further from where they are today" to do that, he said.

Speaking at the same conference in Washington, the former Fed chairman, Paul A. Volcker, delivered the same sort of message.

The U.S. economy is running at full employment, Mr. Volcker declared, and it cannot grow over by more than about 2.5 percent a year without setting off new inflation.

Mr. Volcker also had praise for Mr. Greenspan and his colleagues at the Fed, but said that without early action to reduce federal budget deficits "it would be asking too

much" to expect monetary policy to keep the economy on an even keel indefinitely.

The former Fed chairman also expressed skepticism that enough spending cuts could be found to reduce the deficit to an acceptable level. But Mr. Bush has pledged not to raise taxes.

During most of the six years since the deep recession of 1981-82, the Fed has not been acutely worried that rapid economic growth would generate rampant inflation. Unemployed workers and machines provided a sort of cushion, so that the growth primarily cut unemployment, rather than adding to inflation pressure.

However, both in 1984 and last year, the Fed felt the need to raise interest rates to respond to rising inflation expectations.

This year, some analysts had expected Mr. Greenspan, who has had a long association with the Republican Party, and other Reagan appointees on the Fed board to hold down short-term rates to help ensure Mr. Bush's election. Instead, Mr. Greenspan and other Fed officials raised rates in a series of small steps between March and September.

Taiwan Moves to Reassure Market

Stock Prices Will Be Allowed to Vary Up to 5% a Day

TAIPEI—A government decision to allow wider stock-price fluctuations starting Monday will have a positive impact on the Taiwan stock market, analysts said Friday.

The Securities and Exchange Commission said Thursday that the government would allow share prices to fluctuate 5 percent a day, instead of the current 3 percent.

"The move has a positive impact," said Daniel Chiang, vice president of International Investment Trust Corp., adding that it would allow the market to function properly.

Widening the limit will increase investor awareness of the risks involved in trading, Mr. Chiang said.

A senior SEC official said Thursday that the change was intended to allow more liquidity in the market, which he said had stabilized after plunging over a three-week period from Sept. 29 to Oct. 21.

Brokers forecast that the market index would rise to between 7,000 and 7,200 in the short term. Active buying pushed the index to 6,760.48 on Friday, up 155.76 points, compared with Thursday's close of 6,604.72.

Jennifer Hsu, manager at Yuan Ts Securities Co., said that if the 7,000 barrier were broken, "then it will be easier for the bourse to pick up more momentum."

Michael Chen, vice president of Fidelity Securities Investment Consulting Corp., said that expected cuts on oil prices and power rates will invest investor confidence.

More support will come from a surplus of funds, low bank interest rates, moderate economic growth and limited investment outlets.

"The stock market has so far proved to many people in Taiwan that it is one of the best places for investment, despite its high risk," Mr. Chen said.

Other analysts expect market players to push the index higher in the short term to cash in on tax exemptions. Beginning in January, the government plans to tax profits on stock transactions.

"Big players have no problems manipulating the market because

of the 5 percent stock-price range is not large enough to scare them," said William Huang, executive vice president of King International Securities Corp.

The SEC lowered the share price limit to 3 percent from 5 percent in October 1987 to limit losses after the global stock market crash that month.

Brokers estimate that the total value of stocks listed on the exchange has fallen about 600 billion Taiwan dollars (\$214 billion) this year, with the index declining 36.12 percent to 5,615.33 on Oct. 21, from a record 8,789.78 on Sept. 24.

The government later organized a rescue by asking state banks and major market players to buy stocks to ease the anger of protesting investors.

Brokers forecast that the number of investors would increase because they are unwilling to deposit their money in banks, which offer low annual interest rates of between 4 percent and 5.5 percent.

DEBT: U.S. Companies on a Binge

(Continued from first finance page)

percent of Burlington Industries Inc., a textile company that was taken private by Morgan Stanley & Co. And Chase Manhattan took about a 10 percent stake in Cain Chemical, which was taken private and then sold to Occidental Petroleum Corp.

Even if the increased borrowing forces banks and corporate entities closer together, the factor that will ultimately decide whether these higher debt levels help or hurt U.S. competitiveness is how this debt is used.

Critics of leveraged buyouts and recapitalizations point out that in Japan and Germany, companies use their higher levels of debt to invest in new plant and equipment.

The debt being created in the United States, they maintain, is largely used to retire equity, by buying out public shareholders.

In a leveraged buyout, for example, a group of managers and investors takes a company private by buying out public shareholders with borrowed money.

In the course of a buyout, a company's debt can soar from about 30 percent of total capital structure, to as much as 90 percent, although it is quickly reduced through asset sales and other measures.

No one can predict at this point whether shareholders who receive windfalls from their bought-out investments will use that money to buy fancy cars and trips to Hawaii or will reinvest it in the stock market, which might enable companies to invest in plant and equipment.

Potential Is High for a Confrontation Between Bush and Fed

By John M. Berry

WASHINGTON—All the ingredients are present for a clash next year between George Bush and the Federal Reserve Board, which is intent on slowing U.S. economic growth to hold down inflation.

Such a conflict is already apparent in the Reagan administration's latest economic forecast and the Fed's goals for 1989. How Mr. Bush resolves the conflict after his inauguration as president next year will demonstrate how much inflation risk he is prepared to take as he tries to reduce the budget deficit.

The administration has predicted a 3.3 percent increase in the gross national product, adjusted for inflation, between the fourth quarter of this year and the fourth quarter of 1989. Central bank policy makers, on the other hand, believe real growth in GNP must be held to between 2 and 2.5 percent to head off the risk of an acceleration of inflation.

A clash is not inevitable. Virtually the only discussion of inflation during the Bush campaign took the form of reminding voters how

much it had come down during Ronald Reagan's two terms.

But if Mr. Bush were to incorporate the Fed's growth target in his official forecast early next year, it would greatly complicate the task of getting the fiscal 1990 budget deficit down to \$100 billion, even on paper.

The \$100 billion figure is the limit set by the Gramm-Rudman-Hollings budget-deficit reduction law. Reagan administration officials believe about \$30 billion worth of spending cuts are needed to reach \$100 billion in 1990 even if the economy expands at the factor 3.3 percent next year and the year after.

Mr. Bush has proposed a so-called flexible freeze to eliminate the federal budget deficit by fiscal 1993, but Fed officials are skeptical about a key assumption in that proposal, that interest rates will fall by 2 percentage points once the program is announced.

When the flexible freeze was first laid out last summer, one senior Fed official said of its interest-rate assumption: "I hope they aren't counting on us to provide that."

The Harvard University economist Martin S. Feldstein, a former chairman of the Council of Economic Advisers under Mr. Reagan and an adviser to Mr. Bush, said Wednesday that one of the new president's major tasks next year will be to "run interference" for the Fed so that it can do "unpleasant" things, if necessary, to keep the economy on track.

Mr. Feldstein, who emphasized that he was not speaking for Mr. Bush, expressed confidence that Alan Greenspan, chairman of the Federal Reserve Board, would take steps to keep inflation from getting out of hand.

Speaking at the same conference in Washington, the former Fed chairman, Paul A. Volcker, delivered the same sort of message.

The U.S. economy is running at full employment, Mr. Volcker declared, and it cannot grow over by more than about 2.5 percent a year without setting off new inflation.

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Mr. Greenwald is a former Chrysler executive who served as chief financial officer in the president's named executive search firm.

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Friday's OTC Prices. NASDAQ prices on 4 p.m. New York time. The list consists of the 100 most traded securities in terms of dollar volume.

Table of OTC stock prices with columns for High, Low, Bid, Ask, and Change. Lists various companies like AMCO, AMT, AMX, etc.

Table of OTC stock prices with columns for High, Low, Bid, Ask, and Change. Lists various companies like ABB, ABB, ABB, etc.

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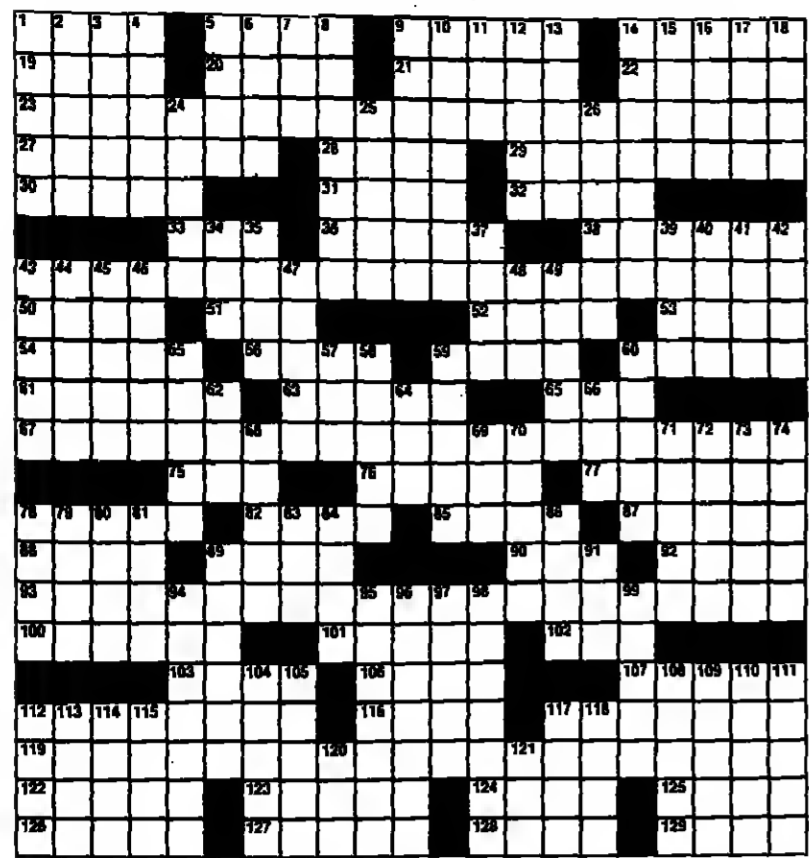
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Magic in the Middle By Robert H. Wolfe



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World Stock Markets

Table with columns for various stock markets including Amsterdam, Hong Kong, London, New York, Tokyo, etc. Includes sub-sections for 'World Stock Markets', 'Amsterdam', 'Hong Kong', 'London', 'New York', 'Tokyo', 'Singapore', 'Sydney', 'Stockholm', 'Stock Exchange', 'Stocks', 'Bonds', 'Commodities', 'Currencies', 'Indices', 'Markets Closed', 'Markets Open', 'Markets Suspended', 'Markets Closed', 'Markets Open', 'Markets Suspended'.

Table with columns for various stock markets including Toronto, Montreal, and other regional markets. Includes sub-sections for 'Toronto', 'Montreal', 'Stocks', 'Bonds', 'Commodities', 'Currencies', 'Indices', 'Markets Closed', 'Markets Open', 'Markets Suspended'.

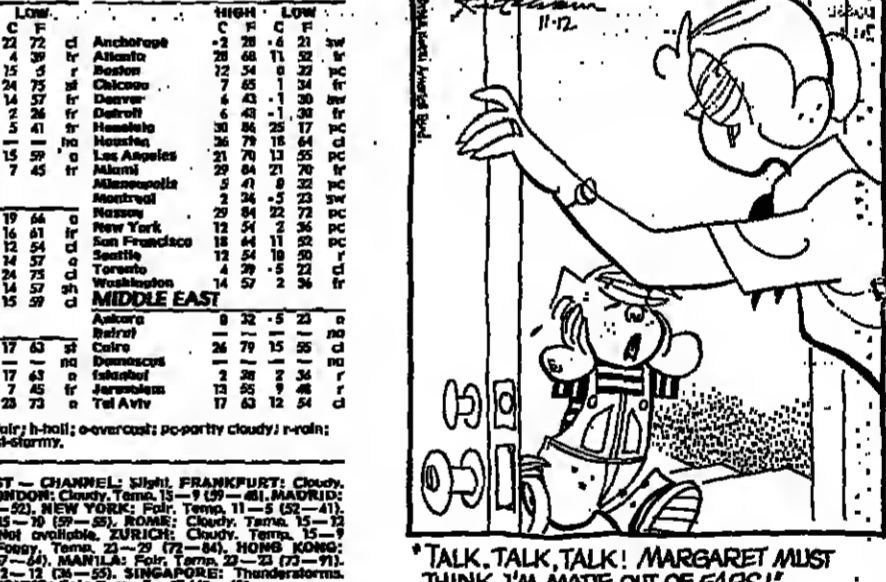
BOOKS

EUROPEANS By Jane Kramer. 561 pages. \$22.95. Farrar, Straus & Giroux, 19 Union Square West, New York, N. Y. 10003. Reviewed by Jim Hoagland

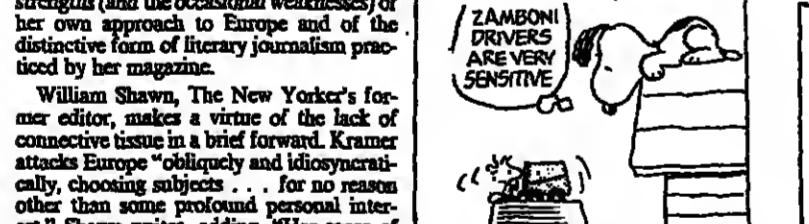
WEATHER

Table with columns for Europe, Asia, North America, Africa, Latin America, Oceania. Includes sub-sections for 'EUROPE', 'ASIA', 'NORTH AMERICA', 'AFRICA', 'LATIN AMERICA', 'OCEANIA'.

DENNIS THE MENACE



PEANUTS



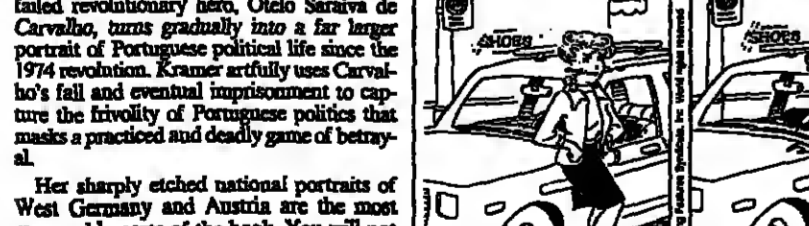
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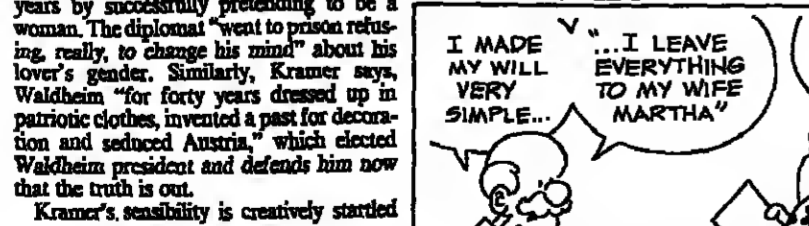
REX MORGAN



BEEBLE BAILEY



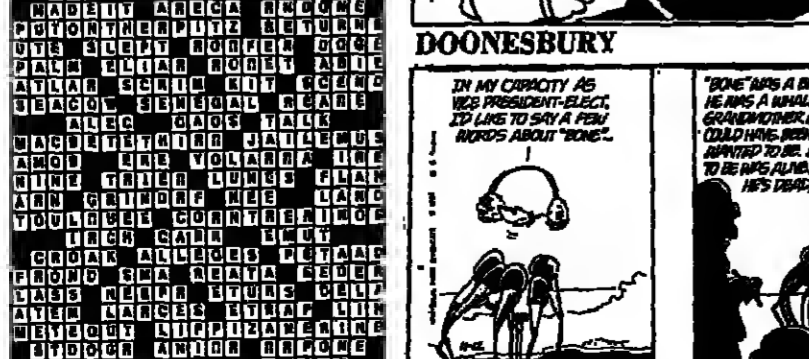
DOONESBURY



GARFIELD



Solution to Last Week's Puzzle



DOONESBURY



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GARFIELD



SPORTS

Browns Will Try Once Again To Knock Off Elway's Broncos

By Gerald Eskenazi
NEW YORK — When the Cleveland Browns visit the Broncos in Denver's Mile High Stadium on Sunday, two memories will predominate: The Drive and the Franchise.

The memories recall two of the great games in National Football League history, both American Conference championships. Two seasons ago, the Browns won after a 98-yard march led by John Elway had tied the score.

The Browns have never beaten John Elway. Then again, they haven't beaten any Denver quarterback since 1974. Since then, the clubs have played eight times — including the two title games — and the Broncos have captured every game.

These have been flawed seasons for both quarterbacks. Elway, who was injured earlier this season, hurt his thigh lifting weights on Monday, but has taken 21 of the 22 snaps this week. He has thrown more interceptions (13) than touchdowns (9).

The Browns are 2-1 since Bernie Kosar returned from his elbow injury. With another quarterback starting, the Browns are 3-3. Even with his winning record, Kosar has struggled. He had three passes intercepted in his return against Phoenix, and then saw an interception returned for a touchdown in his second game back.

The Browns' top rusher, Kevin Mack, was injured Monday and is out for the game. Webster Slaughter, the Browns' top receiver, is out for the year.

Arizona Cardinals (5-5): Dave Krieg, recovered from a shoulder separation, is ready to return as the Seahawks' quarterback, replacing the rocky Kelly Stouffer. Warren Moon makes his first Kingsdome appearance after starting for the University of Washington. The Oilers are the most penalized team in the league, the Seahawks one of the least.

Cincinnati (8-2): At Kansas City (1-8-1): Boomer Esiason is soaring as the conference's top passer. He is averaging nearly 10 yards per passing attempt and has thrown for 20 touchdowns. The Bengals have

NFL PREVIEW

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of the Pennsylvania teams in the 1980s. The Eagles' Reggie White leads the league in sacks, while Randall Cunningham could decide to do anything he wants against the NFL's most vulnerable defense.

San Diego (2-8) at Atlanta (3-7): Mark Vlasic will take over as the Chargers' quarterback for Mark Malone, attempting to halt six-game losing streak. John Settle, the Falcons' second-year running back, is an impressive all-purpose player with 1,065 yards from scrimmage. He has a 4.9 rushing average.

Buffalo (9-1) at Miami (5-5): The Bills can clinch the AFC East title within a seven-day span by beating the Dolphins and then the Jets. A classic confrontation: Dan Marino's passing game leads the league in yardage produced while Buffalo is the NFL's third-stringest team in yielding passing yardage.

Chicago (8-2) at Washington (6-4): A likely defensive nussle with teams tearing up the grass on the line. The Bears are 12-3 with Mike Tomczak as the starting quarterback and 1-0 with Vince Tobin as interim coach. Mike Ditka will watch from the Robert F. Kennedy Stadium press box, just two weeks after suffering a heart attack.

New Orleans (7-3) at Los Angeles Rams (7-3): The West Division co-leaders met two games ago, when the Rams won by 2 points. The Saints are the NFL's top team in converting third downs, connecting 49.6 percent of the time. The Rams' Jim Everett is the league's top-rated passer, with 21 touchdowns and 11 interceptions.

Minnesota (6-4) at Dallas (2-8): The Cowboys' new starting quarterback is Kevin Steeney, who threw three second-half touchdowns passes against the Giants. He faces a defense that leads the league with 22 interceptions. Minnesota is No. 1 in the conference in passing and pass defense.

Tampa Bay (2-8) at Detroit (2-8): Give the ball up 35 times, as Tampa Bay has, and you lose four times as often as you win. Vinny Testaverde's high yardage totals are offset by his 24 interceptions. The Lions rank last in generating rushing and passing yardage.

Giants (7-3) at Phoenix (6-4): The Giants have sacked Neil Lomax 57 times in 13 meetings since 1981. They have dumped him 25 times the last two seasons. This year, the Cards have cut down their sacks but they haven't faced Lawrence Taylor.

Los Angeles Raiders (5-5) at San Francisco (6-4): Joe Montana, recovered from a bad back, will probably get his starting job back from Steve Young. The Raiders' Heisman backfield of Marcus Allen and Bo Jackson, combined with Steve Benetien, is improving weekly.



Master Class
Ted Williams, the former Boston Red Sox great, talks about batting style with his son, John Henry, and Reggie Jackson, right, himself recently retired. Williams, 70, who slugged his way into the Hall of Fame from 1939 to 1960 with the Red Sox, was honored Thursday night in Boston at a benefit for the Jimmy Fund, part of the Dana Farber Cancer Institute, which is Williams's favorite charity.

Hershiser of Dodgers Wins Cy Young Award

By Murray Chass
NEW YORK — He finished the regular season with 59 successive scoreless innings, shut out the New York Mets in the seventh game of the playoffs, pitched a shutout and also won the final game against Oakland in the World Series.

And Thursday, Orel Hershiser became the unanimous winner of the National League Cy Young award. Considering that he produced the most spectacular finish with which any pitcher ever concluded a year, the award was almost anticlimactic.

Nothing that Hershiser accomplished after Oct. 2 — the final day of the regular season — weighed in the Cy Young voting, but those accomplishments made him one of the few winners of the award who pitched as spectacularly after the season as during it.

Hershiser, who won 23 games and lost 8 for the Los Angeles Dodgers, was selected first on each of the 24 ballots cast by members of the Baseball Writers Association of America, two from each National League city.

Danny Jackson of Cincinnati was second in the voting, gaining 54 points to Hershiser's 120. Jackson also compiled a 23-8 record after the Reds acquired him from Kansas City last winter. David Cone of the Mets was third with 42 points. He achieved a 20-3 record after an injury to Rick Aguilera put him into the Mets' starting rotation a month into the season.

Hershiser was the 12th unanimous winner in the National League, in the award's 33-year history. This was the first time that only three pitchers received all the

votes since the 5-3-1 point system went into effect in 1970. Hershiser's victory never was in doubt once he reeled off the longest scoreless inning streak ever amassed by a pitcher, eclipsing by one inning the record set by Don Drysdale, also a Dodgers' pitcher, in 1968.

Hershiser, a 30-year-old right-hander, did not let up in the postseason, which he finished with a 3-0 record, a 1.05 earned run average and two most valuable player awards.

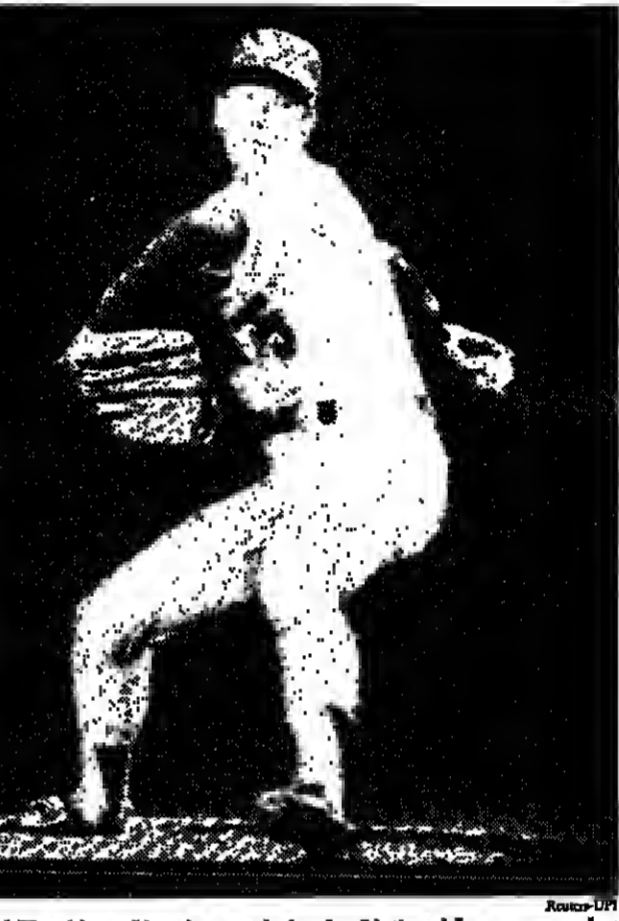
On Wednesday, Frank Viola of the Minnesota Twins, who became a World Series hero in 1987, won the Cy Young award in the American League for 1988. Viola received 27 of the 28 first-place votes and one second-place vote. The only other American League pitcher to receive a first-place vote was Dennis Eckersley of Oakland.

Viola, 28, imposing credentials in a season of strong pitching, one year after he had won one game in the playoff for the pennant plus two games over the St. Louis Cardinals in the World Series. He won 24 games, the most in the major leagues, against only seven losses. He was third in the American League with an earned-run average of 2.64 and third with 193 strikeouts.

He also fashioned a nine-game winning streak, brought his career totals to 104 victories against 81 defeats and became the leading pitcher in victories over the past five years, surpassing Jack Morris of the Detroit Tigers and Dwight Gooden of the New York Mets.

John Becomes Free Agent
Tommy John has become a free agent after having led the New York Yankees in starts the past two seasons, The New York Times reported.

Under the rules, instead of accepting the assignment, John opted for free agency, meaning he can now sign with any club. Near the end of the season, the Yankees gave John reason to think he would be back with them next season. However, in a meeting with reporters last week, Dallas Green, the Yankees' new manager, said that at 45, John was too old to pitch for him. John, who has 286 career victories, said he would pursue a job with another club.



Orel Hershiser: Unanimous choice for National League award.

VANTAGE POINT/Dave Anderson

Brown Skips Town, Leaving the 'Kids'

NEW YORK — Minutes earlier, the University of Kansas basketball team had lost to Duke, 71-67, in the semifinals of the 1986 NCAA championship. But in a gloomy gray hallway of the Reunion Arena in Dallas, the Jayhawks' coach, Larry Brown, was already looking ahead to the next season.

"We're going to be a quality team next year," he said. "We've got some great kids coming in." Among those "great kids" would be Vincent Askew, a Memphis State player who that summer attended classes at Kansas with the idea of transferring there.

Askew later changed his mind. But while Askew was pondering his future, Brown and those who rode shotgun for him on the Kansas state-geochamp spent at least \$1,244 on Askew in violation of National Collegiate Athletic Association recruiting rules.

As part of its three-year probation, Kansas is now barred from defending the national championship if it won last season, the first college ever to be so humiliated. Like so many other times when the police knocked on his door, Larry Brown had skipped town.

In a way, he even skipped the country. As the oven coach of the San Antonio Spurs, he can't be extradited from the National Basketball Association to be punished for the Kansas crimes that he tried to minimize last week.

"The saddest thing about it is that they spent two years on this thing," Brown said, alluding to the NCAA detectives. "And when I left Kansas to come to San Antonio I was led to believe this was no big deal. I now realize that every time you are investigated by the NCAA it's a big deal."

Brown acknowledged that he had handed \$364 to Askew for a ticket to visit his ailing grandmother, who died not long after that. "I'd give it to anybody if they told me his grandmother was passing away," Brown said.

But as it develops now, Askew also received \$350 to pay an aunt's phone bill and \$183 for another plane ticket. So the saddest thing about it is that if Larry Brown didn't know what was going on, he should have.

The delivery man for those payments, according to the Nov. 14 issue of Sports Illustrated, was 26-year-old Mike Marshall, a former Kansas player who sometimes lived at Brown's home.

NCAA Studies Re-Opening Kansas Inquiry

NEW YORK — David Berni, assistant executive director of enforcement for the National Collegiate Athletic Association, says the NCAA might reopen its investigation into the Kansas basketball program.

Berni's comment came in response to an article in the Nov. 14 issue of Sports Illustrated magazine containing allegations from a former Kansas player that he made loans to Danny Manning, the former Kansas all-American.

Mike Marshall, who played for Kansas in the 1985-86 season, said he had lent Manning money on several occasions. Manning, through his agent, Ron Grinker, acknowledged receiving several small loans from Marshall.

"We're trying to contact the sources of information to the magazine and find out more detail about the loans," Berni said Thursday. "I'm not characterizing this as an investigation. I'm trying to accumulate more facts before we decide whether it's something we should investigate further."

Knowledgeable depositing \$15,514.44, most of it from McNeese boosters, in only six months. While in Lawrence in recent years, Marshall also lent Danny Manning small sums that the all-American forward repaid.

The Marshall-Askew connection was enough to make the NCAA put Kansas on probation and also to consider the "death penalty," the shutdown of its basketball program for a year.

The Marshall-Askew connection was another reminder that, in skipping town, Brown again left his garbage strewn around the neighborhood streets.

He did that in 1984 when the New Jersey Nets' owner, Joe Taub, fired him for secretly negotiating for the Kansas job while his NBA team was driving for the playoffs.

The Daily Source for International Investors

MENACE

S. Africa Rugby Board Backs Off ANC Contacts

By William Claiborne
WASHINGTON Post Service
JOHANNESBURG — Under pressure by the government of President Pieter W. Botha for having talked with leaders of the outlawed African National Congress about racially integrating rugby, South Africa's rugby board said Friday that it would avoid any contact with the ANC or other political organizations committed to violence.

The decision by the board's executive committee followed a growing controversy over meetings in Harare last month, in which the rugby chief, Danie Craven, sought to break a worldwide sports boycott against South Africa through negotiations with the ANC.

"The government's position on the issue appeared to rule out the possibility of any dialogue between the ANC and members of the ANC," the main guerrilla force battling white-minority rule in South Africa.

"The meetings in Harare between Craven and the chairman of the Transvaal Province Rugby Board, Louis Luyt, and ANC officials offered the first signs by the ANC that it would be willing to exert its influence on black-ruled African states and the international anti-apartheid movement to end South Africa's worldwide isolation in sports.

The talks were also significant in

Strange Leads by 3 in U.S. Golf

PEBBLE BEACH, California (NYT) — Curtis Strange shot an 8-under-par 64 Thursday to take a three-stroke lead after the first round of the Nabisco Championship, the final spot on the PGA tour this season.

Strange, the U.S. Open champion this year, shot an opening round that had neither a bogey nor a score above 4. Strange came two shots short of the course record of 62. He produced 6 birdies and an eagle 2 when his 8-iron shot took one bounce into the cup on the 11th hole.

Ken Green, winner of the Canadian Open in September, birdied the final hole to finish at 67. Joey Sindelar was another shot back at 68.

FIFA to Crack Down on Fake Injuries

PRAGUE (Reuters) — The International Football Federation, FIFA, has announced plans to crack down on players who fake injuries.

Harry Cavan, FIFA vice president, said officials at the federation's symposium in Prague proposed penalizing players who pretended to be injured and giving referees basic medical training.

France Defeats Argentina in Rugby

LILLE, France (AFP) — The French rugby team battered Argentina on Friday, 28-18, scoring four tries to none and adding three conversions and two penalty goals. Argentina's points came from a drop and five penalty goals. The French thus swept a two-test series, having won last Saturday in Nantes, 29-9.

Scoreboard

BASKETBALL
NBA Standings
EASTERN CONFERENCE
Atlantic Division
New Jersey 1 1 0 0 0
Boston 1 1 0 0 0
Philadelphia 1 1 0 0 0
Washington 1 1 0 0 0
Central Division
Cleveland 1 1 0 0 0
Detroit 1 1 0 0 0
Milwaukee 1 1 0 0 0
Chicago 1 1 0 0 0
Western Conference
Atlanta 1 1 0 0 0
San Antonio 1 1 0 0 0
Dallas 1 1 0 0 0
Phoenix 1 1 0 0 0

HOCKEY
National Hockey League Standings
Wales Conference
NY Rangers 1 1 0 0 0
Pittsburgh 1 1 0 0 0
Philadelphia 1 1 0 0 0
New Jersey 1 1 0 0 0
NY Islanders 1 1 0 0 0
Washington 1 1 0 0 0

RUGBY
RUGBY'S BIG EIGHT
Last 18 tests among the eight
W D L Tries
New Zealand 7 0 3 23
France 7 0 3 23
Wales 4 0 4 14
England 4 0 4 17
Scotland 4 0 4 17
Australia 2 2 4 20
Argentina 2 1 7 7
Ireland 2 1 7 7

TRANSITION
BASEBALL
N.Y. YANKEES — Announced that Tommy John, pitcher, retained minor-league equipment and became a free agent.

FOOTBALL
CONSOLE FOOTBALL LEAGUE
TORONTO — Accredited teams: Maple, wide receiver, from practice roster.

SOCCER
EUROPEAN CHAMPIONS CUP
(Second round, second leg)
Real Madrid 1, Gornik Zorzras (Pol) 2 (Real Madrid advances 4-2)
VIEFA CUP
(Second round, second leg)
Belzenberg 0, Velez Mostar (Yugoslavia) 0 (Velez Mostar advances 4-0)

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PEOPLE

Bakkers Ordered to Pay

Jim and Tammy Bakker, along with a former top aide, must repay \$7.7 million to PTL for repaying undeserved profits and mismanaging the TV ministry, Justice Dept. says.

Leslie Marnell has returned to his musical roots to direct the Pittsburgh Symphony Orchestra, which he first joined in his teens as a full-time violinist and apprentice conductor.

The security firm run by former Nixon aide and convicted Watergate burglar G. Gordon Liddy has filed a Chapter 11 bankruptcy petition seeking protection from creditors.

The violinist Jesse Stern will be the honorary chairman of a committee to hand out awards named after opera great Marcella Anderson and aimed at furthering the careers of young American singers.

Beauty turned diplomat on Thursday as Miss Universe 1988 comes to the United Nations as a fully accredited representative of Thailand to plead on behalf of disadvantaged children everywhere.

A lament by Connecticut's poet laureate about his village grocery store may have lost the store, "November Ode," a poem by James Merritt, winner of the Pulitzer Prize, has won him some admirers.

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Dennis Quaid, an Actor 'on the Cusp of Stardom'

By Michael Norman
LOS ANGELES — Dennis Quaid is late. His voice coach is waiting, but the day, as usual, comes hard to him.
Quaid is holed up in the corner bedroom of his home in the Hollywood Hills. Like many of his neighbors, it is Spanish Revival outside. Inside, this particular house is a mess. The kitchen counter is littered with bottles and piles of unopened mail, nooted jackets and scripts. On the mantel, in the dust where they have fallen or were slain, are the corpses of insects. Everywhere is evidence of dogs — a basket hound, a golden retriever and a chocolate Labrador.



Quaid rehearsing for his role as the rock singer Jerry Lee Lewis in "Great Balls of Fire."

made of rails shaped like fence posts, and the wall trim is lumpy pine. Across a chair in an anteroom rests a black leather saddle.
In this other world, which extends well beyond the bedroom, Dennis Quaid has another identity, Buck Gibson, a long-standing joke between him and those closest to him. As Quaid envisions him — and occasionally acts him — Buck Gibson is an old-time, homey entertainer with country and western overtones. He is host of a network television show, "Buck Gibson's House Party," which features a choral group called the "Gibsonaires" and a dance troupe, the "Buckettes."

The work ethic came from Nita Quaid, their mother. "I taught them not to just talk about something," she says today, "but to accept the challenge and go do it."
But it was likely that their father, the late William R. (Buddy) Quaid, was the one who inducted them to act. Buddy, an electrician who bore an uncanny resemblance to the 1940s actor Dana Andrews, is remembered as a volatile and gregarious man who loved to sing and perform for his family.
Dennis went to the University of Houston, where, by his own account, he slept through most of the curriculum, save acting. In his junior year, in the company of an older friend, he set out for Hollywood to follow in his brother's footsteps. Once there, he took a pass from his mother's book and put in scores of calls to dozens of casting directors until, at last, he got a part. One performance led to another. With "Breaking Away" came good notices. He had married the actress P.J. Soles. He got more parts. Then life turned sour.

PERSONAL MESSAGES
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LEGAL NOTICES
YOU ARE HEREBY NOTIFIED that on November 2, 1988, the following Order was entered in the United States Bankruptcy Court in Houston, Texas:

INTERNATIONAL CLASSIFIED
MOVING: PARIS (11) 47.20.28.28...
ANNOUNCEMENTS: ALCOHOLIC ANONYMOUS...
REAL ESTATE FOR SALE: FRENCH PROVINCES...
REAL ESTATE TO RENT/SHARE: FRENCH PROVINCES...
REAL ESTATE TO RENT/SHARE: ITALY...
GENERAL POSITIONS AVAILABLE: OVERSEAS POSITIONS...
EMPLOYMENT: BRITISH/IRISH/SCOTTISH/WELSH...
THE COBURG HOTEL: 129 BAYWATER ROAD...
AUTOS TAX FREE: IN STOCK NEW BODY STYLE BMW...
PAGE 15 FOR MORE CLASSIFIEDS

International Business Message Center
ATTENTION EXECUTIVES: Publish your business message...
BUSINESS OPPORTUNITIES: RARE OPPORTUNITY...
FINANCIAL SERVICES: FINANCE BANK GUARANTEES...
REPRESENTATIVE: Needed to act as Liaison...
VENTURE CAPITAL CONSULTANTS: Investment Bankers...
FINANCIAL INVESTMENTS: A SWISS OPPORTUNITY...
CAPITAL GUARANTEED OFFER: LONDON ADDRESS BOND STREET...

UNITED STATES Bankruptcy Court Southern District Of Texas Houston Division
BUTTS RESOURCES COMPANY...
PROGRESS DRILLING & MINE, INC...
DOLPHIN TITAN INTL. SA...
DOLPHIN TITAN SUPPLY...
DOLPHIN TITAN SUPPLY...
NOTICE OF FILING OF BANKRUPTCY...
PLEASE TAKE NOTICE that Chapter 11 proceedings under the United States Bankruptcy Code were commenced by

UNITED STATES Bankruptcy Court Southern District Of Texas Houston Division
The establishment of the bar date in the foregoing paragraph is not intended by the Debtor to prejudice the creditors of the Debtor, and any applicable Texas law shall govern.

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